

**FISCAL YEAR 2010
MONITORING REPORT ON THE
VOCATIONAL REHABILITATION AND
INDEPENDENT LIVING PROGRAMS
IN THE STATE OF
FLORIDA**



**U.S. DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION**

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INTRODUCTION AND RSA REVIEW PROCESS

Introduction

Section 107 of the Rehabilitation Act of 1973, as amended (Act), requires the commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state VR agency is complying substantially with the provisions of its State Plan under section 101 of the Act and with the evaluation standards and performance indicators established under section 106. In addition, the commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for SE Services under Title VI, Part B, of the Act and the IL programs offered under Title VII of the Act are substantially complying with their respective State Plan assurances and program requirements.

To fulfill its monitoring responsibilities, RSA:

- reviews the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and independent living outcomes;
- identifies strengths and challenges related to the agency's performance, areas of consistently high or improved performance and those areas of performance in need of improvement;
- recommends strategies to improve performance;
- requires corrective actions in response to compliance findings; and
- provides technical assistance (TA) to the state agency to enable it to enhance its performance, meet its goals and fulfill its State Plan assurances.

Review Process

Pursuant to the Act, RSA reviewed the performance of the following programs funded under the Act in the state of Florida (FL) and administered by the FDVR and the FDBS:

- the VR program, established under Title I;
- the SE program, established under Title VI, Part B;
- the IL program authorized under Title VII, Part B; and
- the OIB program, established under Title VII, Chapter 2.

The designated state agency (DSA) for both agencies is the FL Department of Education (FDOE).

In addition, RSA also reviewed the progress of FDVR and FDBS on the Corrective Action Plans that were established as a result of findings from RSA's Fiscal Year (FY) 2004 Section 107 monitoring reviews.

Information Gathering and Review Process Activities

During FY 2010, RSA began its review of FDVR and FDBS by analyzing information from a variety of sources, including but not limited to, RSA's various data collections, the VR and IL State Plans and the agencies' State Rehabilitation Council (SRC) Annual Reports. After completing its internal review, the RSA review team:

- engaged in numerous teleconferences and other information gathering activities with representatives of FDVR and FDBS, the SRCs, the Statewide Independent Living Council (SILC), the Client Assistance Program (CAP), and other stakeholders to gain a greater understanding of the agencies' strengths and challenges related to the administration and performance of the VR, SE, IL, and OIB programs;
- conducted on-site visits in and around Tallahassee, Miami, Tampa, Orlando, Daytona Beach, Gainesville, and Jacksonville;
- conducted the first on-site monitoring visit from January 25, 2010 through January 29, 2010, during which it met with representatives of FDOE, FDVR, FDBS and its SRC, the SILC and other stakeholders, primarily focusing on the operation of FDVR; and
- conducted a second on-site visit from January 22, 2010 through January 26, 2010 during which it met with representatives of FDOE, FDBS, FDVR and its SRC, and other stakeholders in both programs, primarily focusing on the operation of FDBS.

Through the on-site visits, the review team further gathered and analyzed information and provided TA in areas already identified by the review team and the agencies.

Data Used During the Review

RSA's review began in the fall of 2009 and ended in the summer of 2010. For the purpose of this review, RSA notes that its data collections are finalized and available at different times throughout the year. Consequently, the data collections for the VR and SE programs for the fiscal year that ended immediately preceding that in which the review began (i.e., FY 2009) were not yet available when the review process began. Therefore, this report regarding the VR and SE programs relies primarily on those data collections available for a completed fiscal year prior to the beginning of the review (i.e., FY 2008) as the sources of data describing the performance of FDVR and FDBS. However, when FY 2009 data became available toward the end of the review period, and if these data signaled a significantly different level of performance than the previous five year trend, RSA included the FY 2009 data in the report. Regarding the IL and OIB programs, FY 2009 data were available and used as the sources of data describing the performance of FDVR and FDBS.

Results of Review Activities

At the conclusion of all monitoring activities, the RSA review team:

- identified performance areas for improvement and recommended that FDVR and FDBS undertake specific actions to improve their performance;
- identified compliance findings and required that FDVR and FDBS take corrective action; and
- in collaboration with the agencies, determined whether RSA would provide TA to improve their performance or correct compliance findings.

Review Team Participants

Members of RSA's FL review team included representatives from each of the five functional units within the State Monitoring and Program Improvement Division (SMPID). The team included the following individuals: Charles Sadler, (FDVR Review Leader - TA Unit); Sue Rankin-White (TA Unit);

David Jones and Christyne Cavataio (VR Unit); Craig McManus (FDDBS Review Leader) and Tom Macy (Fiscal Unit); Deborah Cotter (IL Unit); and Julya Steyh and Jean Yan (Data Unit).

PART I: REVIEW OF FLORIDA DIVISION OF VOCATIONAL REHABILITATION EXECUTIVE SUMMARY

During FY 2010, the RSA reviewed the performance of the following programs authorized by the Act in the state of FL:

- the VR program, established under Title I; and
- the SE program, established under Title VI, Part B.

Florida Administration of the General VR and SE Programs

FDVR is the designated state unit (DSU) that administers the general VR and SE programs with oversight by the FDOE, the DSA. FDVR provides services to individuals with all disabilities except for those persons whose primary disability is blindness or a visual impairment.

FDVR Performance over the Past Five Years

Based on data provided by FDVR through various RSA reporting instruments, the agency's employment rate increased from 52.1 percent to 56.2 percent during the period beginning in FY 2004 and ending in FY 2008. Over this same period, the number of applicants for VR services increased from 36,300 to 41,563, the number of individuals who received services and exited the program under an individualized plan for employment (IPE) increased from 16,685 in FY 2004 to 22,079 in FY 2008, and then decreased to 14,015 in FY 2009 due to the implementation of an order of selection (OOS). All eligible consumers were moved to a waiting list in the final quarter of FY 2008. From FY 2004 to FY 2008, the number of individuals who achieved a successful employment outcome increased from 9,213 to 12,411. From FY 2004 through FY 2008, the average hourly earnings of those individuals who achieved competitive employment outcomes increased from \$9.67 to \$12.29.

From FY 2004 to FY 2008, of those individuals who achieved an employment outcome, the number who achieved a SE employment outcome increased from 1,164 to 1,811. The average hourly earnings for these individuals increased from \$7.83 to \$9.87.

Observations of the Agency and Stakeholders

Through the course of the review, agency personnel and representatives of stakeholders, such as the SRC, the SILC and the CAP, shared information concerning the administration and performance of the FDVR VR and SE programs.

During the review, they made the observations below.

- Agency staff members communicate effectively internally and externally, and actively solicit stakeholder input. FDVR maintains positive partnerships with the FDBS, the SRC, the SILC, the Mental Health Programs-Department of Children and Families (MHP-DCF), Developmental Disabilities (DD) Council, and the Bureau of Exceptional Education Student Services (BEESS).

- One-stop partners, CRPs, the CAP, the SRC, VR Counselors, and other agency stakeholders described the FDVR Director as willing to meet with them and discuss their issues, and being receptive to their input about the challenges facing FDVR.
- FDVR experiences high VR Counselor turnover rates due to retirements and the availability of more lucrative employment opportunities elsewhere. FDVR leadership has attempted to address issues related to staff retention by providing training incentives, improving the physical environment of the offices, increasing salaries for salaries for certified VR Counselors and conducting employee recognition activities.
- State office and field staff had differing opinions regarding the adequacy of staff training. While most state office staff thought training was sufficient, many field office staff disagreed.
- Several community rehabilitation program (CRP) staff members noted that it would be useful to have more joint training sessions between FDVR and the providers to strengthen the networking between the two partners and to reinforce mutual understandings of the requirements.
- Stakeholders indicated that FDVR should begin working with transition-age youths at an earlier age.
- Several SRC members were not in favor of FDVR's decision to go on an OOS and described themselves as being "blindsided" by the decision.
- FDVR does not frequently utilize self-employment as an employment goal for consumers, its staff need more training on how to develop self-employment plans, and the closure timeline for self-employment outcomes should be extended beyond 90 days to ensure stability.
- The implementation of an Ombudsman Unit (OU) has been instrumental in successfully resolving issues at the informal level before they are elevated to the CAP or the FDVR administrative hearing process.
- FDVR headquarters staff were optimistic about the potential for FDVR's new on-the-job-training (OJT) initiative. However, CRPs expressed significant concerns that it would not work.
- Service providers expressed differing opinions regarding FDVR's new benchmark, added in October, 2009, to fund CRPs to develop career plans. Some CRP staff indicated that receiving payment for reaching the benchmark has helped them to cover expenses during the economic downturn, while service providers for individuals with severe and persistent mental illness (SPMI) complained that they were inconsistent with the cyclical nature of mental illness.
- The top two barriers to employment for individuals with SPMI in rural areas were identified as transportation and poverty.
- Individuals with SPMI and individuals who have been incarcerated are presenting special challenges to FDVR due to employer resistance to hiring them.
- While there is a range of quality assurance (QA) activities being conducted within FDVR, there is no single locus of control for integrating the information from each discrete activity.

Strengths and Challenges

Based on the observations from the agency and its stakeholders and other information gathered through the review process, RSA concluded that FDVR exhibited a variety of strengths and challenges that impact the performance of its VR and SE programs

Strengths

Performance Improvement Consultants: FDVR's Performance Improvement Consultants (PICs) have been instrumental in improving agency processes, coordinating area office training needs, and facilitating the accomplishment of agency goals. FDVR hired one PIC in each area office to conduct process improvement activities and to assist in area office coordination activities. The manager of the Organizational Learning and Performance Support Team coordinates the process improvement activities from the FDVR state office while the local PICs are under the direct supervision of the area director. As a result of the PIC activities, training has been conducted in business process management, a methodology for improving organizational processes, and in rapid process improvement (RPI), a management approach focused on aligning all aspects on an organization on the needs and wants of its customers. The first RPI activity concerned the OU, and resulted in improvements in how the unit managed complaints. FDVR uses a variety of indicators to determine appropriate processes to apply a RPI, including the use of various QA reports, data analyses, strategic objectives, and opportunities to improve processes that are subject to error, and/or take an unreasonable amount of time to complete, such as the agency contracting process. PICs assisted in the completion of the comprehensive statewide needs assessment (CSNA) by conducting focus groups in their geographic areas.

Ombudsman Unit: The establishment of the OU within FDVR in FY 2003 has facilitated the expeditious resolution of consumer complaints by providing consumers an option for resolving problems in VR service delivery rather than engaging in the informal or formal dispute resolution processes or referral to the CAP. The OU's organizational placement within the Bureau of Partnerships and Communications ensures separation from the service delivery system and enables the OU to investigate complaints objectively. The OU assumes a neutral position in facilitating communication between the consumer and the VR Counselor to resolve issues.

During the state fiscal year (SFY) 2009, the OU received 1,961 total inquiries, of which 1,095 were resolved by providing information or referral services and 866 were complaints that required investigation. Most complaints pertain to the nature and content of the IPEs and the OOS waiting list, such as requesting information as to why a consumer was placed in a specific OOS category. During each of the past four SFYs, approximately 1.1 percent of active FDVR consumers have contacted the OU.

The CAP reports that the OU's ability to successfully handle requests for information and referral and more routine complaints has enabled them to focus on consumers with more serious concerns. Table 1.1 below shows the decreasing numbers of consumers served by the CAP since the inception of the OU, as reported on the RSA-227 report.

Table 1.1
Total Individuals Served by the CAP for FY 2004 through FY 2009

Fiscal Year	Total Individuals Served
2004	443
2005	362
2006	250
2007	257
2008	207
2009	211
Total	1,730

During the RPI analysis of the OU, each step in the complaint process was described from its receipt to updating the OU database to indicate how the complaint was resolved. As a result of the RPI analysis, standard operating procedures were developed and disseminated regarding VR Counselor/case manager processing of contacts from the OU. In addition, two “best-practice” documents were developed, one for OU processing of customer inquiries and one for supervisors processing contacts from the OU. During statewide supervisor training conducted January 12-14, 2010, FDVR staff shared the results of the RPI analysis with participants.

In order to address the primary reason for individuals to contact the OU, OU staff members were in the process of developing a database of state and local resources to provide current information to consumers. The database will also be provided to new VR Counselors as a resource to develop more effective IPEs and to enhance their capacity to provide information and referral services.

Interagency Collaboration: The collaboration between FDVR and its partners enhanced VR service delivery across the state as demonstrated in the examples below.

- **FL Interagency Agreement for the Transfer of AT:** This agreement, between FDVR, FDBS, BEESS, and the FL Department of Health and the Agency for Workforce Innovation established a framework for the efficient and effective transfer of AT as transition-age youths move through the educational continuum to employment or some other post-school activity.
- **FDOE Intra-Agency Committee:** This committee, made up of education agency staff members, is to ensure that state and community resources are inclusive of and accessible to individuals with disabilities. At the local level, FDVR VR Counselors participate in councils composed of students, parents, and workforce professionals to improve service delivery to transition-age youths.
- **State Mental Health Planning Council:** This council, comprised of FDVR, the MHP-DCF, and the FL Assertive Community Treatment Team, coordinates outreach efforts to individuals with SPMI.

Call Center: The implementation of the call center has resulted in more effective management of FDVR’s OOS waiting list, as demonstrated in Table 1.2 below. At the time of the on-site review, the call center, established on August 4, 2009, was comprised of four employees, one full-time and three part-time, two of whom were former VR Counselors. Their responsibilities included: documenting if individuals were still interested in VR services, obtaining current contact information, and assisting in the determination to close the record if they were unable to locate the individual, or if the individual was no longer interested in pursuing VR services, and contacting employers to verify employment information.

Table 1.2
FDVR Call Center Closures for August 4, 2009 through January 25, 2010

Individuals Served	Severity of Disability Category 2	Severity of Disability Category 3
Customers contacted	3,368	1,246
Customers wanting to remain on waiting list	1,385	700
Customers closed	1,075	303
Unable to locate	932	235
Declined services	143	68

Call center activity became obsolete after the Category 1 and 2 waiting lists were opened/eliminated, so the role of the call center temporary employees was revised to one of contacting consumers after job placement to validate the fact that they were successfully engaged in a competitive employment outcome consistent with their IPE employment goal.

Bureau of Compliance and Oversight: The Bureau of Compliance and Oversight (BCO), established as an internal audit bureau within FDVR, conducts risk management activities that identify critical vulnerabilities in FDVR’s implementation of the VR and IL programs. The BCO was established in FL statute in 2000 by the Occupational Access and Opportunity Commission to provide FDVR with a QA system. The bureau has evolved from conducting service record reviews to a more expansive role in determining the efficiency and effectiveness of agency operations. The BCO uses a systematic process to conduct its reviews, from entrance conference to final report that permits bureau staff members to provide TA and acknowledge effective practices. The BCO also provides consultant services in order to improve agency functions. BCO’s reviews of contractual service providers have raised concerns that resulted in contract monitoring that reduced the risk of fraud.

Challenges

Management of FDVR’s Order of Selection: While FDVR’s management information system predicted the need to invoke an OOS, the agency was unable to garner support from the SRC and the CAP to implement the OOS in a timely manner. Upon implementing the OOS, long waiting lists developed quickly, and FDVR under-spent available VR funds during the next two years.

Quality Assurance: The QA activities conducted within FDVR would be improved if the agency could evaluate financial and programmatic performance on an ongoing basis. FDVR has begun the process for improving its QA system and has included this as a goal in the SFY 2009-2014 Strategic Plan.

Transition-Age Youths: Although FDVR serves a significant number of transition-age youths through its transition program, the agency’s performance is lower than its peers and the national general agency average.

Supported Employment: FDVR indicated that there is a lack of qualified SE providers in some of the more rural areas of the state, and SE services for individuals with cognitive impairments are challenging

due to the lack of Phase 2 SE funding from the Agency for Persons with Disabilities (APD), the FL state agency responsible for providing services to individuals with cognitive impairments. Many SE providers are hesitant to provide Phase 1 SE services through VR unless they feel assured that Phase 2 funding will be available for extended SE services. FDVR has fee-for-service contracts with 154 CRPs for the provision of SE services. The CRP contracts have established rates and benchmarks which were set based on a rate study conducted by the Public Consulting Group (PCG).

OJT: FDVR encountered challenges related to its recent OJT. Employers were reluctant to accept an OJT placement either because it would fill a position recently vacated by an employee who was let go due to the poor economy, or because they did not have adequate staff to teach work skills to a new employee. Employers and CRPs described the impractical nature of the activity due to the complications and extensive time required to set up the placement. In order for an employer to set up an account to accept an OJT placement, they had to visit two web sites to complete a registration process. CRP staff members with previous experience in developing OJT placements stated that the new initiative was not cost-effective because of the additional process requirements imposed by FDVR. This process was described as a major deterrent to them becoming involved.

Acknowledgement

RSA wishes to express appreciation to the representatives of the FDOE and FDVR, the SRC, the SILC, and the stakeholders who assisted the RSA monitoring team in the review of FDVR.

CHAPTER 1: VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS OF THE FDVR

VR and SE Program Systems

The following sections of this chapter describe the manner in which FDVR administers and operates the VR and SE programs through a variety of functions or systems, including service delivery, personnel, case and data management, QA, and planning.

Service Delivery

The program is administered through the Office of the Director and three bureaus: the Bureau of Field Services (BFS), the BCO and the Bureau of Rehabilitation and Reemployment Services (BRRS). On June 29, 2010 the Division had 1,010 employees with staff in the Tallahassee headquarters office, six area offices, and 100 field offices located throughout the state. Sixty-eight of the offices are major units and 32 are subunits without a supervisor on-site. VR services are provided internally through VR Counselors, and externally through CRPs and third-party cooperative arrangements (TPCAs). For example, job placement is conducted by VR Counselors, Rehabilitation Technicians or by CRP staff members.

Most individuals self-refer to FDVR and have the option of participating in an orientation to the VR program in either an individual or group setting. The agency's eligibility to IPE timeline is 120 days, but the implementation of the OOS has resulted in some IPEs taking longer than this timeline due to difficulties in locating the individual.

There are 184 non-profit CRPs throughout the state. One hundred and fifty-four of the CRPs provide a full range of employment services and the remaining 30 provide only employment services, and do not provide SE services. Some of the CRPs are members of one of two associations in the state, the Florida Association of Rehabilitation Facilities or the FL ARC, but many do not belong to either association. The agency's contracts with the CRPs are funded by a performance-based system under which the CRPs are paid a percentage of the total fee upon the achievement of specific benchmarks.

From FY 2004 to FY 2008, FDVR's expenditures for purchased services increased from \$76,574,666 to \$101,389,307 and from 57.2 percent to 60.8 percent of its total budget. Nationally, general VR agency expenditures decreased from 48.4 percent to 48.0 percent during this same period of time. In FY 2008, Diagnosis and Treatment of Physical and Mental Impairments constituted the highest percentage of FDVR's expenditures, increasing from 32.2 percent to 37.8 percent from FY 2004 to FY 2008, while the national general agency average decreased from 17.4 percent to 17.3 percent during this time period. In FY 2008, FDVR's peer agencies expended an average of 19.3 percent of their total budgets on this service category.¹ FDVR's Training expenditures decreased from 15.1 percent to 14.0 percent from FY 2004 to FY2008, while the national general agency average increased from 42.3 percent to 43.3 percent. In FY 2008, FDVR's peer agencies expended an average of 48.1 percent for Training.

¹ FDVR's peer group that receives approximately the same amount of Federal Title I funds or close in regional proximity consists of general VR agencies in Michigan, North Carolina, New York, and Texas.

From FY 2004 to FY 2008, FDVR's level of service delivery to the following disability groups compared to the average of general VR agencies nationally average is included below.

- Individuals with communicative impairments: individual service delivery increased from 12.1 percent to 20.9 percent of total individuals served, compared to 10.5 percent for general VR agencies nationally for FY 2008. FDVR's employment rate for this group increased from 76.4 percent in FY 2004 to 87.2 percent in FY 2008, compared to 81.9 percent for general VR agencies nationally for FY 2008.
- Individuals with cognitive impairments: FDVR's level of service delivery to individuals with cognitive impairments remained the same from FY 2004 to FY 2008 at 12.1 percent, compared to 10.5 percent for general VR agencies nationally for FY 2008. FDVR's employment rate for this population decreased from 51.0 percent in FY 2004 to 42.0 percent in FY 2008, compared to 58.7 percent for general VR agencies nationally for FY 2008.
- Individuals with mental/psychosocial impairments: FDVR's level of service delivery to this population decreased from 34.5 percent in FY 2004 to 29.6 percent in FY 2008, compared to 34.3 percent for general VR agencies nationally for FY 2008. FDVR's employment rate for this population decreased from 47.4 percent in FY 2004 to 44.2 percent in FY 2008, compared to 51.9 percent for general VR agencies nationally for FY 2008.
- Transition-age youths: FDVR VR Counselors and counselors and employment specialists employed through TPCAs with the school districts provide services to transition-age youths. FDVR tracked service delivery to this group using the ages from 14-22 until FY 2009 when it adopted the 14-24 age range used by RSA. In FY 2008, FDVR was lowest among peers for percent of transition-age youths served compared to the total served. In FY 2008, 23.9 percent of the individuals served by FDVR were transition-age youths, compared to 31.9 percent for general VR agencies nationally. The FDVR percentage increased to 26.9 percent in FY 2009, compared to 32.9 percent for general VR agencies nationally. This increase may be attributed to FDVR's FY 2009 priority to begin working with transition students at 16 years of age rather than their final year in the school setting.
- Individuals in SE: From FY 2004-FY 2008, FDVR achieved a higher percentage of SE outcomes at (14.6 percent) than the national general VR average of 10.9 percent. Table 1.3 below illustrates the differences between FDVR and its peers and general VR agencies nationally with regard to the types of disabilities of the individuals who achieved SE outcomes. A significantly larger percentage of individuals with cognitive and mental/psychosocial impairments achieved SE employment outcomes in FDVR's peer agencies and in the general VR agencies nationally than in FDVR.

Table 1.3
FDVR Supported Employment Outcomes Compared to Peers for FY 2008

Individuals Served	FL - General	MI - General	NC - General	NY - General	TX - General	Peer Averages	General Agencies
Employed with SE	1,811	449	1,114	2,955	349	1,217	11,390
Percent closed in SE	14.6%	6.0%	17.3%	22.3%	3.0%	12.5%	10.9%
Employed with SE with cognitive impairments	444	243	666	1,573	168	619	5,708
Percent closed in SE with cognitive impairments	24.5%	54.1%	59.8%	53.2%	48.1%	50.8%	50.1%

During FY 2008, 29.7 percent of individuals receiving services were employed at application, compared to 21 percent of general VR agencies nationally. FDVR's percentage decreased to 25.8 percent in FY 2009, which is lower than the national general agency median of 32.9 percent.

Due to its inability to recruit and hire qualified staff in Area 2/Region 7, Area 2/Region 9, Area 3/Region 20A, and Area 6/Region 23L, FDVR privatized its VR program through a contractual agreement with Abilities of FL (AoF). To implement this part of the service delivery system, FDVR utilizes VR Counselor Analysts to perform the non-delegable functions for the privatized VR Counselors.

In total, there are 24 regional workforce boards which include over 100 full-service and satellite one-stop career centers throughout the state. FDVR is co-located in 17 one-stop career centers and has a presence in 42 additional centers. Florida's one-stop career centers are affiliated statewide under the name Employ Florida. FDVR staff and stakeholders described active involvement with the Local Workforce Investment Boards. The DSA is represented on the State Workforce Investment Board (SWIB), called Workforce Florida, Inc., by the Commissioner of the FDOE. The DSU Director is not a member of the SWIB.

Due to lack of sufficient resources to serve all eligible individuals, FDVR implemented an OOS and closed all priority categories in August, 2008. In November, 2008, FDVR began releasing individuals from Category 1 of the waiting list by date of application. The releases were conducted twice a month, with about 1,000 consumers exiting from the waiting list each month. Beginning in December, 2008, the agency started releasing 2,000 individuals per month from the waiting list. As a direct result of serving individuals with the MSDs, FDVR indicated that during FY 2008-FY 2009, the provision of hearing aids declined by 50 percent and medical restoration services declined by 34 percent.

According to the RSA-113 report, FDVR had 8,428 consumers on the waiting list at the end of FY 2008 and 12,685 at the end of FY 2009. According to agency officials, this number had been reduced to 8,332 by the time of RSA's on-site review. Subsequent to the on-site review, FDVR reported that on February 13, 2010, individuals in priority Category 1 were receiving services and were no longer being placed on the waiting list. As of March 15, 2010, 5,621, individuals with significant disabilities in Category 2, and 2,036 individuals with disabilities in Category 3 remained on the waiting list. The total

number of individuals on the waiting list was 7,657. FDVR anticipated that for the remainder of FY 2010, individuals in Category 1 would not move to the waiting list and that individuals in Category 2 would be served in priority order as resources permitted. They did not anticipate that any individuals from Category 3 would receive services. The information contained in Table 1.4, provided to RSA during the course of the review, shows a 50 percent increase in the total number of individuals on the waiting list from August, 2008 to September, 2009, and then an 11 percent decrease in November, two months later. Subsequent to the on-site review and prior to the completion of the RSA monitoring report, FDVR provided RSA with additional data that showed only 2,170 priority category 3 individuals on the waiting list.

**Table 1.4
FDVR Waiting List by OOS Priority Category for August, 2008 through December, 2010**

Date	Category 1	Category 2	Category 3	Total
August, 2008	3,958	1,225	445	5,628
April, 2009	2,695	6,279	1,824	10,798
September, 2009	0	8,909	2,236	11,145
November, 2009	0	7,632	2,251	9,883
December, 2010	0	0	2,170	2,170

Personnel

As of June 29, 2010, FDVR had 1,010 full-time equivalent (FTE) employees allocated to the positions described in Table 1.5 below. There are 428 VR Counselor positions, of which 405 are state positions and 23 are contracted out under agency supervision. Supporting the VR Counselor positions are 148 Rehabilitation Technicians, nine interpreters and 235 supervisory and/or area level managerial and administrative positions. State office management and administration, administrative support, contract management and call center staff consist of 131 employees. The remaining 82 positions are located in the BRRS. At the time of the review, FDVR had hired 68 temporary employees that were placed in the local VR offices to assist VR Counselors. Since the review, this number has decreased.

**Table 1.5
FDVR Personnel Data for FY 2008**

Position	Number of Staff
VR Counselor positions	
VR Counselors	166
Senior VR Counselors	177
VR Consultants	58
State VR Counselor/Analysts	4
Contractual VR Counselors	23
Rehabilitation Technicians	148
Area Directors	6
Area Supervisors	12

Position	Number of Staff
Area Office Administrative Staff	51
Local VR Office Supervisors	60
Local VR Office Administrative Staff	106
State Office Management Staff	10
State Office Administrative Staff	93
State Office Contract Management	13
State Office Program Support Administrators	11
Call Center Staff	4
Sign Language Interpreters	9
Bureau of Rehabilitation and Reemployment Services Staff	82
Total	1,033²

FDVR's overall staff turnover rate averages approximately 20 percent annually. For entry-level VR Counselors, the turnover rate has run as high as 30 percent, but is currently 16.1 percent. A significant obstacle to attracting and retaining VR Counselors is pay that starts at \$28,000 per year. Incentives are generally educational, particularly for those seeking to obtain an advanced degree. Therefore, VR Counselors receive their degrees with DSU support only to leave for more lucrative employment, including the Veteran's Administration or private industry that offer \$20,000 to \$30,000 more per year.

FDVR has established the certified rehabilitation counselor (CRC) educational eligibility requirement as the standard for its VR Counselors. Approximately 50 percent of current VR Counselors meet this standard. Individuals currently employed who do not meet the standard, must fulfill the requirements by FY 2012. Individuals hired in subsequent years who do not meet the standard must participate in a training plan and meet the standard within five years. Current agency practice is to hire an individual below its CSPD standard and then place them in a training plan to take the core courses and pursue a master's degree in rehabilitation counseling.

FDVR has a designated training officer, and a substantial portion of the DSU's in-service training grant is devoted to CSPD activities. There are a number of in-state universities with programs leading to advanced degrees in rehabilitation counseling, including FL State University, University of South FL and FL Atlantic University. The universities offer paid internships in rehabilitation counseling leading to a master's degree and in sign language interpreting leading to a bachelor's degree. FDVR serves as a practicum site and hires the students as temporary employees. Many of these students are eventually hired as VR Counselors. In addition, Rehabilitation Technicians, who possess a bachelor's degree or commensurate experience, often progress to become VR Counselors. There are no on-line, in-state universities offering degrees in rehabilitation counseling. Therefore, the DSU obtained a waiver for CSPD candidates to attend the on-line rehabilitation counseling program at the University of Kentucky.

² Total is current as of June 29, 2010 and includes 23 contractual VR Counselors employed by Abilities of Florida, who are not FDVR FTEs.

FDVR conducts bi-monthly new VR Counselor training sessions to orient new staff members to their roles and responsibilities and train them in the VR service delivery process. The four-and-a-half day training is followed-up by a second training activity several weeks later for another two-and-a-half days. Supervisors also provide additional training on specific topics to the new VR Counselors as needed. Supervisors participate in annual training for two-and-a-half days on topics such as RPI, Improving the Efficiency of the OU Process, Ethics, and Crucial Conversations. In addition, the PICs conduct training in the area offices to facilitate the accomplishment of strategic planning goals.

FDVR's attempts to increase salaries, offer rewards for attaining the CRC credential and provide flexible work schedules have not always been successful, but the agency has implemented a number of actions designed to improve employee retention and the work environment. The 2010 FL legislature approved an increase in the salary rate authority for VR Counselors and supervisors that allowed FDVR to increase salaries for 475 employees in the VR Counselor classes, staff interpreter class, and the field supervisory positions. Salaries were increased by a combined annual amount of \$1,922,300 effective August 1, 2010. The pay increase for VR Counselors who pass the CRC exam is now \$3,000 per year, up from the prior \$2,000 per year. All FDVR employees are eligible to utilize an annual \$750 staff allowance for training that contributes to professional development or maintaining certifications. FDVR also has a staff mentoring initiative to provide one-on-one assistance to new employees. The FDVR Director has implemented employee recognition activities, including a Letter from the Director and the Sapphire Award that recognize exceptional performance and provide some incentive for remaining with the agency.

Data and Case Management

FDVR developed its CMS (RIMS) in-house and implemented it in March, 2001. For 15 years prior to this upgrade, the agency used a mainframe computer to maintain its service records. The current system is independent of all of the other FDOE data systems. FDVR maintains a data link with the Social Security Administration (SSA) to verify FDVR consumers who are also SSI recipients and/or SSDI beneficiaries. The system contains the VR service records and other data fields related to the records, including the financial needs test, severity of disability assessment and Ticket-to-Work information. The system also contains the costs of purchased services for VR consumers.

RIMS monitors the status of service records and tracks consumer contributions resulting from the application of the financial needs test. RIMS notifies system users to check for missing fields and potential data entry errors. The system records authorizations, including information regarding vendor contacts, types of services with length and frequency, and itemized costs. FDVR leadership, field office managers and VR Counselors can generate a variety of reports to meet internal and external needs. AoF contract VR Counselors have the same access to RIMS as their FDVR counterparts, except for access related to non-delegable functions or statewide caseload information.

RIMS provides agency management with a reliable mechanism for internal and external communication. The system enables FDVR to transmit information to and receive communications from VR Counselors, consumers and other stakeholders. RSA reports, budgets and other planning documents are generated periodically to meet agency demands. Staff responsible for maintaining RIMS in the local offices provide training on operating the system to new personnel. The system is updated as needed to create new functions, correct errors or adjust to changes in RSA reporting requirements.

With the implementation of FDVR's OOS, additional features were integrated into the system to facilitate VR Counselors' determinations of the individual's priority category including: detailed descriptions of the physical or mental impairment, how the impairment limits the individual's functional capacities, the VR services required, and the length and frequency of each service. The system monitors and generates reports regarding the length of time an individual remains on the waiting list.

Quality Assurance

FDVR's QA system is divided into three components to assess internal and external service delivery: performance and compliance, vendor certification, and the contracting system.

Performance and Compliance: FDVR established the BCO as an internal risk management entity modeled after the FDOE Inspector General (IG). Staffing consists of eight staff members, possessing either a bachelor's degree or audit experience. The bureau chief reports to the FDVR Director and works with FDOE's IG office. The BCO conducts annual risk analyses of agency systems to determine the priority areas for intensive investigation. This process ensures that agency internal and external functions exhibiting the greatest potential for compliance problems or misuse of funds are prioritized for review.

The BFS Chief reviews service records of both FDVR and contractor VR Counselors to ensure compliance with state and federal requirements and to address recommendations for improvement from previous reviews. Each area director reports quarterly to the BFS chief on the results of service record reviews and progress in achieving strategic planning activities. The FDVR Field Services Operating Procedure (FSOP) applies to all contract providers who perform direct client service functions and is designed to assure a system of QA reporting consistent with state and federal requirements. The FSOP contains questions to ensure that FDVR staff perform the non-delegable duties.

Vendor Certification: The vendor certification process includes on-line maintenance at the FDVR website Rehabworks.org of applications and instructions for vendors and a vendor qualification manual that is accessible on-line for service providers. Vendor certification staff verify credentials for individuals and businesses as well as review and certify vendor qualifications to ensure the quality of services.

Contracting System: The contracting system includes two sections, contracts and contract management. Contracts include the standardized agreements for CRPs providing employment services, non-vendor contracts and contractors paid for performance. Contract management includes the written contract monitoring policy and procedures, invoice pre-audits and VR Counselor reviews of service delivery prior to payment. State Office Contract Managers conduct desk top and on-site monitoring based on risk assessment information and using a standard monitoring guide.

Customer Satisfaction: The SRC monitors customer satisfaction through a contract with FL State University to conduct two independent surveys. The results of the SRC customer satisfaction surveys assist the SRC in providing feedback to FDVR regarding its service delivery system.

The FDVR Director conducts monthly meetings with the chiefs of the BAS and the BFS to discuss the results and trends of QA activities and determine the need for further action.

Planning

FDVR utilizes its strategic plan to guide the agency and secure employee input in the development of the plan, the conduct of the activities, and the achievement of the goals. The VR State Plan is aligned to the goals, objectives and activities of the SFY 2009-2014 strategic plan. The strategic plan is developed by executive management in headquarters with input from agency employees, the SRC and other stakeholders.

As a part of its state and strategic planning processes, FDVR and the SRC continuously assess the VR needs and customer satisfaction of individuals with disabilities. The triennial CSNA, due in FY 2011, is an important facet of both the state and strategic plans. To complete the CSNA, the agency established a cross-functional team comprised of FDVR employees and SRC members to ensure the involvement of both groups in all aspects of the assessment. The SRC trains members and develops relationships with FDVR staff to effectively fulfill its role to review and analyze the CSNA, strategic plan and State Plan.

The PICs conduct focus groups to obtain information useful in completing the CSNA and promote coordination and collaboration between FDVR state and area offices. In addition to the PICs, FDVR employees with expertise in human resource development, strategic planning, program improvement, and VR service delivery monitor services and systems at the state and area offices on topics such as strategic planning, performance improvement, customer satisfaction, and promoting collaboration with peer agencies.

The strategic plan contains goals related to the administration of the program, such as strengthening leadership and collaboration, maximizing financial resources, and improving service delivery, consumer satisfaction, QA, and the agency's infrastructure. Area directors are responsible for completing specific activities and participating in quarterly progress reviews, further connecting the strategic plan to field staff.

VR and SE Program Performance

The following table provides data on the performance of the VR and SE programs administered by FDVR in key areas from FY 2004 through FY 2008.

Table 1.6
Program Highlights for FDVR VR and SE Program for FY 2004 through FY 2008

Program Highlights	2004	2005	2006	2007	2008
Total funds expended on VR and SE	\$133,974,626	\$145,326,161	\$154,253,340	\$166,510,885	\$166,760,660
Individuals whose cases were closed with employment outcomes	9,123	9,840	10,794	11,605	12,411
Individuals whose cases were closed without employment outcomes	7,562	7,403	6,951	7,184	9,668
Total number of individuals whose cases were closed after receiving services	16,685	17,243	17,745	18,789	22,079
Employment rate	54.68%	57.07%	60.83%	61.76%	56.21%

Program Highlights	2004	2005	2006	2007	2008
Individuals whose cases were closed with supported employment outcomes	1,164	1,348	1,489	1,672	1,811
New applicants per million state population	1,784	1,729	1,792	2,140	2,013
Average cost per employment outcome	\$5,446	\$5,365	\$5,499	\$5,389	\$5,539
Average cost per unsuccessful employment outcome	\$3,338	\$3,343	\$3,107	\$3,123	\$3,371
Average hourly earnings for competitive employment outcomes	\$9.67	\$9.94	\$10.78	\$11.72	\$12.29
Average state hourly earnings	\$16.61	\$17.58	\$18.28	\$18.96	\$19.42
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	58%	57%	59%	62%	63%
Average hours worked per week for competitive employment outcomes	34.2	34.0	34.0	34.1	33.6
Percent of transition age served to total served	24.54%	25.01%	25.72%	23.93%	23.91%
Employment rate for transition population served	47.81%	50.67%	53.37%	48.62%	42.03%
Average time between application and closure (in months) for individuals with competitive employment outcomes	19.8	19.7	19.0	16.0	15.7
Performance on Standard 1	MET	MET	MET	MET	MET
Performance on Standard 2	MET	MET	MET	MET	MET

VR/SE Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that FDVR take specific steps to improve the agency's performance associated with each of the observations.

1. Order of Selection

Observation: On August 4, 2008, FDVR implemented an OOS and closed all priority categories. Discussions with agency staff, the SRC and stakeholders and a review of programmatic and fiscal data indicated that FDVR did not adequately analyze available resources and service delivery needs to plan for and implement the OOS. Specifically, FDVR did not effectively analyze the relationship between the closure of priority categories and the impact on financial resources.

- Based on information reported in the RSA-113 report, FDVR had 8,428 consumers on the waiting list at the end of FY 2008 and 12,685 at the end of FY 2009. According to agency officials, this number had been reduced to 8,332 by the time of RSA's on-site review.

Subsequent to the on-site review, FDVR reported that as of March 15, 2010, 5,621, individuals with significant disabilities in Category 2, and 2,036 individuals with disabilities in Category 3, for a total of 7,657 individuals, remained on the waiting list. By December, 2010, FDVR had eliminated the waiting list for priority categories' 1 and 2 and had 2,170 individuals on the Category 3 waiting list.

- After implementation of the OOS, agency management reported difficulties in forecasting expenditures for purchased services and the number of individuals in priority Categories' 1 and 2. Services were directed to those individuals with the MSDs who had access to comparable benefits that reduced agency expenditures.
- In FY 2009, FDVR carried over \$39.5 million in Title I VR funds. At the time of the on-site review, FDVR anticipated carrying over an additional \$32 million in FY 2010 for a total of \$72.5 million.
- The implementation of the OOS significantly impacted the referrals to and placements achieved by some CRPs, resulting in the reduction of CRP staff. CRP performance standards established prior to the OOS no longer applied. For the first year of the OOS, FDVR did not hold the CRPs accountable for achieving their performance benchmarks and did not adjust CRP contract deliverables.
- FDVR and FDBS had not updated their cooperative agreement since the implementation of FDVR's OOS. As a result, consumers of both agencies have been impacted. For example, previously, in accordance with the cooperative agreement, FDBS would refer consumers with a secondary disability to FDVR for services. However, discussions with FDBS VR Counselors indicated that since the implementation of the OOS, the individuals referred were on FDVR's waiting list and often not in an open priority category since their primary disability was being addressed by FDBS. Therefore, instead of continuing to refer individuals with secondary disabilities to FDVR, FDBS is providing the services, thus taxing its own resources. In addition, FDVR refers more individuals to FDBS than FDBS refers to FDVR. However, according to FDBS, many of these referrals do not meet its eligibility requirements.
- Individuals served by other partnering agencies were impacted by the OOS, including the APD that also has a waiting list for services. Partnering agencies did not have a common understanding of the roles and responsibilities of each agency when jointly serving consumers affected by OOS and did not update cooperative agreements to account for the OOS. As a result of not understanding that FDVR was only serving individuals with the MSDs, individuals with less significant disabilities served by partnering agencies experienced unforeseen delays in receiving services.
- Some SRC members indicated that while FDVR provided information to them about the OOS after the decision was made to impose an order, their input was not solicited in the initial decision. They indicated that FDVR has provided them with periodic reports since the implementation. SRC members indicated that they want to be more involved in decisions related to the ongoing administration of the order.
- Discussions with FDVR staff and stakeholders indicated that some VR Counselors do not have the requisite skills to provide comprehensive services to individuals with MSDs and multiple impediments to employment. Individuals with MSDs have three or more functional limitations and require three or more services for at least 12 months to achieve a successful employment outcome. In addition, some VR Counselors require training in the skills necessary to manage caseloads composed primarily of individuals with MSDs.

Recommendation 1: RSA recommends that FDVR:

- 1.1 conduct a comprehensive analysis of data since the implementation of the OOS regarding the number of consumers served and the associated service delivery expenditures to accurately project future costs;
- 1.2 using accurate cost projections, develop measureable goals to reduce the number of individuals on the waiting list and reduce the amount of carryover funds;
- 1.3 develop and implement revised benchmarks for CRPs based on increased service delivery to individuals with MSDs;
- 1.4 update MOUs between FDVR and FDBS, and FDVR and APD, to include roles and responsibilities of each agency and outline procedures for jointly serving consumers when one or both agencies are on an OOS;
- 1.5 develop and implement a mechanism to increase the involvement of the SRC in the ongoing administration of the OOS; and
- 1.6 provide ongoing agency training to all front-line staff regarding effective practices for providing services to individuals with MSDs and on OOS caseload management.

2. Transition

Observation: FDVR provides services to transition-age youths through its own VR Counselors and through agreements with the school systems through TPCAs. Although FDVR serves a significant number of transition-age youths through its transition program, the agency’s performance is low compared to its peers and the national general agency average.

- As indicated in Table 1.7 below, the percentage of transition-age youths served compared to the total number of consumers served has been consistently lower than that of general VR agencies nationally since FY 2004. When compared to peers, FDVR had the lowest percentage of transition-age youths served at 23.9 percent in both FY 2007 and FY 2008.

**Table 1.7
FDVR Transition Age-Youth Served (ages 14-24) Using Age at Application to
Total Consumers Served for FY 2004 through FY 2008**

Individuals Served	2004	2005	2006	2007	2008
FDVR transition served	4,095	4,312	4,564	4,496	5,280
FDVR total individuals served	16,685	17,243	17,743	18,789	22,079
Percent of FDVR transition served to total served	24.5%	25.0%	25.7%	23.9%	23.9%
National general agencies transition served	61,090	54,193	55,123	54,172	56,801
National agencies total individuals served	210,769	178,781	178,714	173,342	178,194
Percent of national general transition served to total served	29.0%	30.3%	30.8%	31.3%	31.9%

- Table 1.8 below demonstrates that FDVR’s employment rate for transition-age youths has been consistently lower than that of general VR agencies nationally since FY 2004. In FY 2008, FDVR’s

employment rate was the lowest among peers at 42.0 percent. Since implementation of the OOS, the employment rate in FY 2009 decreased to 38.3 percent.

Table 1.8
FDVR Employment Rate of Transition-age Youths Served for FY 2004 through FY 2008

Individuals Served	2004	2005	2006	2007	2008
FDVR total employment outcomes	1,958	2,185	2,436	2,186	2,219
FDVR transition served	4,095	4,312	4,564	4,496	5,280
FDVR transition employment rate	47.8%	50.7%	53.4%	48.6%	42.0%
National general agencies total employment outcomes	30,591	30,232	30,662	30,380	31,517
National general agencies transition served	61,090	54,193	55,123	54,172	56,801
National general agencies employment rate	50.1%	55.8%	55.6%	56.1%	55.5%

- Table 1.9 below demonstrates FDVR’s employment rate for transition-age youths by disability type. From FY 2004 to FY 2008, the agency’s employment rate for transition-age youths with cognitive impairments decreased 8.5 percent to 40.6 percent, and the employment rate for transition-age youths with mental/psychosocial impairments decreased 5.0 percent to 39.0 percent, placing them significantly lower than the national general agency average in FY 2008. Since the OOS was implemented, the employment rate further decreased by 3.7 percent for transition-age youths with cognitive impairments and 1.8 percent for individuals with mental/psychosocial impairments.

Table 1.9
FDVR Employment Rate for Transition-Age Youths with Cognitive and Mental/Psychosocial Disabilities for FY 2004, FY 2008 and FY 2009

Individuals Served	2004	2008	2009	General Agencies 2008
Employment outcomes for individuals with cognitive impairments	709	771	625	18,495
Employment rate for individuals with cognitive impairments	49.1%	40.6%	36.9%	58.0%
Employment outcomes for individuals with mental/psychosocial impairments	653	731	496	6,913
Employment rate for individuals with mental/ psychosocial impairments	44.0%	39.0%	37.2%	48.3%

Recommendation 2: RSA recommends that FDVR:

- 2.1 evaluate service delivery trends of transition-age youths to determine the factors contributing to low performance;

- 2.3 develop and implement a strategy to improve the employment rate for transition-age youths, including increased partnerships with schools and other stakeholders to improve outreach and service delivery; and
- 2.3 develop and implement a strategy to improve the employment rate for transition-age youths with cognitive or mental /psychosocial impairments by involving APD, MHP-DCF, DD Council and BEESS as significant partners.

3. Limited Access to Services and Low Rehabilitation Rates for Individuals with Cognitive Impairments

Observation: FDVR serves a lower percentage of individuals with cognitive impairments than the general agencies nationally. The employment rate for individuals with cognitive impairments is much lower than the national average for the general agencies nationally.

- The number of individuals with cognitive impairments served by FDVR has remained consistently low from FY 2004 to FY 2008. In FY 2008, only 12.1 percent of the total individuals served by FDVR were individuals with cognitive impairments, compared to 26.3 percent for the general agencies nationally. Table 1.10 below shows that the percentage was never higher than 12.9 during the intervening years.
- As demonstrated in Table 1.10 below, FDVR’s rehabilitation rate in assisting individuals with cognitive impairments to achieve employment outcomes decreased from 51.0 percent to 42.0 percent from FY 2004 to FY 2008, while the average for the general agencies nationally in FY 2008 was 58.7 percent.

**Table 1.10
FDVR Employment Outcomes for Individuals with Cognitive Impairments for
FY 2004 through FY 2008**

Individuals with Cognitive Impairments Served	2004	2005	2006	2007	2008	Change to 2008	General Agencies 2008
Employment outcomes	1,027	1,127	1,209	1,110	1,126	9.6%	27,511
Without employment outcome	988	955	1,081	1,234	1,554	57.3%	19,357
Percent of total individuals served	12.1%	12.1%	12.9%	12.5%	12.1%	0.1%	26.3%
Employment rate	51.0%	54.1%	52.8%	47.4%	42.0%	-9.0%	58.7%

Recommendation 3: RSA recommends that FDVR:

- 3.1 develop and implement outreach methods improve service delivery access to individuals with cognitive impairments;
- 3.2 develop and implement strategies to improve the collaboration between FDVR and APD to increase access to services for individuals with cognitive impairments; and
- 3.3 develop and implement a plan to enhance VR Counselor skills to assist individuals with cognitive impairments to achieve employment outcomes.

4. Quality Assurance

Observation: Although FDVR conducts a number of discrete QA activities, our review did not demonstrate that the QA processes are coordinated in a manner so as to provide agency management with an overall assessment of its internal service delivery system and the external services provided by vendors. FDVR has begun to implement a long-term activity for improving its QA system by including it as a goal in the FY 2009-FY 2014 strategic plan. Currently, FDVR relies on the bureau directors to provide monthly performance reports to the agency director that are not inclusive of the complete array of financial and programmatic performance data that are necessary to effectively manage the agency and anticipate problems.

- FDVR's QA system primarily focuses on reviews and analyses of agency activities, service record reviews to determine compliance and address areas needing improvement, audits of internal and external service delivery and the provision of consulting services to improve agency performance, and reviews of vendor qualifications and payments. FDVR utilizes the results of the reviews in order to develop staff training priorities and in strategic planning.
- The FL Office of Program Policy Analysis and Government Accountability (OPPAGA) had recommended in its February, 2007 report that FDVR conduct an analysis that compares rehabilitation outcomes for individuals served by AoF to those served under the traditional model to determine whether or not to continue this model.
- FDVR and AoF service record reviews are conducted primarily to ensure compliance with casework documentation requirements, and in the case of the FSOP service record review instrument, to ensure FDVR staff members perform the non-delegable functions, but they do not assess the quality of the employment outcomes achieved by the individuals or consumer satisfaction.
- QA activities are not linked to the process for selecting RPI analyses or to the activities conducted by the PICs.
- FDVR's State Plan goal 5 is cross-referenced to strategic plan goal 6 and is targeted at improving the agency's system for ensuring quality by measuring progress in achieving State Plan goals. The goal encompasses the period FY 2009 through FY 2014.

Recommendation 4: RSA recommends that FDVR:

- 4.1 expand existing QA processes to assess the effectiveness of service delivery and to emphasize the quality of employment outcomes;
- 4.2 conduct the OPPAGA analysis described above;
- 4.3 develop and implement a performance-based VR Counselor appraisal system for FDVR and AoF VR Counselors that contains quality indicators such as wages, hours worked, benefits at closure and consumer satisfaction;
- 4.4 link QA activities to the process for selecting RPI analyses and the activities conducted by the PICs; and
- 4.5 integrate FDVR's QA activities into a comprehensive QA system that effectively assesses internal and external service delivery.

5. OJT

Observation: FDVR implemented an OJT initiative to provide individuals with disabilities with work experiences while providing incentives for employers to hire them. At the time of the on-site review,

FDVR was working with employers and CRPs to establish OJT opportunities. However, FDVR was experiencing employer and CRP resistance to the initial OJT initiative due to the stringent requirements imposed by FDVR for CRPs and employers to initiate an OJT placement. In addition, employers were unconvinced as to the benefits of their participation in the OJT activity.

- FDVR staff reached out to the Business Leadership Networks (BLNs) to educate them about the availability of OJT supports for individuals in SE. They assigned responsibility for handling OJT questions to a contact person in the state office.
- OJT was one of the three key employment services contracted out by FDVR to the CRPs.
- To set up an account to accept an OJT placement, an employer must visit two web sites to complete a registration process and this was described as a major deterrent to them becoming involved. FDVR was attempting to make the process for employers to host OJT placements less burdensome and the on-line registration user-friendly.

Recommendation 5: RSA recommends that FDVR:

- 5.1 review and update FDVR's OJT employer information materials with input from the BLNs to ensure that the goals for the OJT are clearly stated and are beneficial to employers;
- 5.2 develop and implement training for FDVR VR Counselors and CRP staff members with input from experienced job developers;
- 5.3 streamline the OJT process and the on-line registration so employers are more willing to participate; and
- 5.4 evaluate agency performance in using OJTs to increase competitive employment outcomes and, based on the results of this evaluation, determine the need for additional resources to promote this initiative.

6. Staff Retention

Observation: FDVR's turnover rate for all staff averages approximately 20 percent annually. The turnover rate for entry-level VR Counselors is currently 16.1 percent, but been as high as 30 percent. Staff indicated that the turnover factors can be attributed primarily to personnel-related issues associated with low pay and employee benefits. As a result of the high staff turnover, there is a negative impact on VR service delivery and a strain on agency resources.

- Interviews with FDVR management, supervisors and VR Counselors indicated that low pay is the primary factor impacting high staff turnover. Other personnel related factors include the fact that a few of the initiatives to address employee retention, especially those related to accommodating relatively young entrants into the workforce, have not always been successfully implemented. The FL state government pay system does not provide step increases on an annual basis, and the legislature has not enacted across the board cost of living increases for the past three years due to revenue shortfalls. Furthermore, the state government is resistant to telecommuting and flexible working hours. Flexible hours of work are especially important to younger members of the workforce, making it difficult to make significant improvements in the retention of individuals hired relatively near to the time that they complete their college degree programs. While employee turnover, especially for the VR Counselor classes, remains a significant challenge for FDVR, the division continues to address this issue.
- Transferring caseloads between VR Counselors results in: a lack of continuity between VR Counselors and consumers as well as between VR Counselors, CRPs and other vendors;

decreased frequency of contacts with consumers; and little current documentation in service records.

- The agency training costs increased due to the constant need to train new personnel. While field staff indicated the new VR Counselor training is satisfactory as an orientation, there is a continuing need for follow-up activities to be conducted in the area offices.
- VR supervisors indicated that when VR counselors vacate a caseload, they must assume responsibilities for the caseload until the vacancy is filled, thus increasing their duties. In addition, VR supervisors are tasked with responding to personnel issues and assisting both new and experienced VR Counselors, who are not qualified to perform independently.

Recommendation 6: RSA recommends that FDVR:

- 6.1 develop and implement a comprehensive strategy for improving retention of all levels of staff, in particular VR Counselors;
- 6.2 develop and implement a plan to ensure continuity of service delivery during caseload vacancies; and
- 6.3 develop training strategies for more efficient and cost effective provision of new VR Counselor training, such as conducting more localized trainings and/or developing on-line training modules.

VR/SE Program Compliance Finding and Corrective Action

As a result of its review activities, RSA identified the following compliance finding and corrective action that FDVR is required to undertake. FDVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and is available to provide TA to assist the agency in the development of the plan and the implementation of the corrective actions. RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of the Education Department General Administrative Regulations (EDGAR).

1. Third-Party Cooperative Arrangements

Legal Requirements:

34 CFR 361.28 states:

- (a) The designated State unit may enter into a third-party cooperative arrangement for providing or administering vocational rehabilitation services with another State agency or a local public agency that is furnishing part or all of the non-Federal share, if the designated State unit ensures that—
 - (1) The services provided by the cooperating agency are not the customary or typical services provided by that agency but are new services that have a VR focus or existing services that have been modified, adapted, expanded, or reconfigured to have a vocational rehabilitation focus;
 - (2) The services provided by the cooperating agency are only available to applicants for, or recipients of, services from the designated State unit;

- (3) Program expenditures and staff providing services under the cooperative arrangement are under the administrative supervision of the designated State unit; and
 - (4) All State plan requirements, including a State's order of selection, will apply to all services provided under the cooperative program.
- (b) If a third-party cooperative agreement does not comply with the statewideness requirement in §361.25, the State unit must obtain a waiver of statewideness, in accordance with §361.26.

34 CFR 361.22(b)(4) requires:

- (b) *Formal interagency agreement.* The State plan must include information on a formal interagency agreement with the State education agency that, at a minimum, provides for –

- (4) Procedures for outreach to and identification of students with disabilities who are in need of transition services. Outreach to these individuals should occur as early as possible during the transition planning process and must include, at a minimum, a description of the purpose of the vocational rehabilitation program, eligibility requirements, application procedures, and scope of services that may be provided to eligible individuals.

Finding 1: FDVR is not in compliance with 34 CFR 361.28(a)(1) and (2) because services provided under the TPCAs do not consist only of new or modified VR services and the individuals receiving those services are not solely FDVR applicants or consumers.

While on-site, RSA reviewed 23 TPCAs that FDVR had entered into with intermediate school districts (ISDs) for the period July 1, 2009 through June 30, 2010. Each of the 23 contractual agreements, implementing those TPCAs, are identical to one another. The stated purpose of the TPCAs is to create or expand opportunities for community-based work experiences (CBWEs) or career exploration activities for individuals eligible to receive VR services from FDVR (Escambia County Agreement, Amendment 1, page 1, and Attachment, page 2).³ The employment specialists are responsible for performing, among other things, the following duties under the TPCAs: provide employment services to students with disabilities needing assistance developing appropriate work skills, attitudes, behaviors, and work tolerance to plan for and achieve successful post high school employment (Escambia County Agreement, Attachment, page 2). The agreement makes it clear that the funding under the TPCA is to supplement the services that the ISD already provides to students with disabilities who are applicants for or consumers of FDVR’s program (*Id.*) The agreement further states: “[Florida] DOE/DVR funding support shall not be used by the School District to supplant the current level of services provided to the students” (*Id.*).

Despite the TPCA’s prohibition against the school districts using the funding to supplant the level of services provided by the school districts to students with disabilities, the agreements allow the employment specialists, to spend up to 49 percent of their time on:

Educating and providing students with a disability an opportunity to apply for VR services by conducting at least 40 outreach services in their School District during the school year. The 40

³ The Escambia County Agreement, which is identical to the other 22 agreements, is used for illustrative purposes only.

outreach services may include transition fairs at the schools, parent/student meetings, attending school IEP meeting when invited, and other student specific meeting (*Id.*).

The agreement goes on to require that the employment specialists spend a minimum of 51 percent of their time developing CBWE and providing work experiences for students with disabilities who are FDVR consumers with agreed-upon IPEs (Escambia County Agreement, Attachment, page 3).

Federal regulations at 34 CFR 361.28(a)(1) require the cooperating agency to provide new services or services that have been modified to have a VR focus. In this case, the agreements permit the employment specialists in the school districts – the cooperating agencies – to split their time between providing the customary services provided to all students with disabilities (e.g. transition fairs and outreach activities) and new or modified services with a VR focus (e.g., the CBWEs). While the CBWE activities required under the agreements have a VR focus, as required by 34 CFR 361.28(a)(1), such activities as attending transition fairs and parent/student meetings do not. These latter activities are typically performed by the ISDs pursuant to the formal interagency agreement that FDVR and the FDOE have implemented, pursuant to 34 CFR 361.22(b). Outreach activities are a required component of that interagency agreement (34 CFR 361.22(b)(4)). Therefore, the 40 outreach activities performed by the employment specialists, up to 49 percent of their time, are not allowable activities under the TPCA pursuant to 34 CFR 361.28(a)(1).

Furthermore, 34 CFR 361.28(a)(2) require that the services provided under the TPCAs must be provided solely to FDVR applicants and consumers. Many of the students with disabilities participating in the transition fairs and other outreach activities are not FDVR consumers or applicants. These activities take up to 49 percent of the employment specialists' time. According to the agreement, the only activities limited to FDVR applicants and consumers are the career exploration and CBWEs. For this reason, FDVR has failed to comply with 34 CFR 361.28(a)(2) because the activities under the TPCA are not limited solely to FDVR consumers and applicants.

Corrective Action 1: FDVR must:

- 1.1 cease providing the customary services, available to all students with disabilities, under the TPCAs, as required by 34 CFR 361.28(a)(1); also, cease providing services to non-FDVR consumers or applicants under the TPCAs, as required by 34 CFR 361.28(a)(2);
- 1.2 submit a written assurance to RSA within 10 days of the final monitoring report that FDVR will comply with 34 CFR 361.28(a)(1) and (2);
- 1.3 revise its TPCA agreements to describe the scope of services offered through the TPCA with the ISDs to make it clear that the transition services provided under the TPCA must be either new services or modified services with a VR focus, as required by 361.28(a)(1); and
- 1.4 revise its TPCA document, and take the steps necessary, to ensure that only applicants for or recipients of VR services are served under the agreement with the ISDs, as required by 361.28(a)(2).

Technical Assistance and Continuing Education

This section of the chapter describes the technical assistance (TA) provided by RSA to FDVR during the course of the review and the continuing education needs of the agency identified by its personnel and

stakeholders. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix A of this report titled “FDVR Response.”

TA Provided

During the review of the VR and SE programs, RSA provided TA to FDVR regarding:

- changing FDVR’s practice of placing all eligible individuals on the waiting list, even though individuals in Category 1 are immediately receiving services, to show stakeholders that the OOS has not completely halted service delivery and that individuals with MSDs are receiving services;
- the need to revise the MOUs between FDVR and the one-stop centers to stipulate that co-located and itinerant FDVR VR Counselors will be supervised by FDVR and will not provide significant amounts of staff-time toward accomplishing non-VR related activities; and
- protecting the privacy of VR Counselor-consumer interactions in the one-stop centers by always arranging for the use of private offices, and not engaging in confidential conversations in public areas.

TA Requested

At the conclusion of the review process, FDVR requested TA in the following areas:

- in improving its performance in assisting transition-age youths to achieve employment;
- if programs such as AmeriCorps that offer a stipend, health benefits and a scholarship could be counted as a successful employment outcome by the VR agency.
- developing and implementing a strategy to improve the employment rate for transition-age youths with cognitive or mental /psychosocial impairments by involving APD, MHP-DCF, DD Council and BEESS as significant partners.

Continuing Education

During the course of the review, FDVR and stakeholder representatives, including the SRC, requested that agency personnel receive continuing education in the areas of:

- implementing agency policy, such as the OOS, and other operational issues;
- caseload management;
- meeting service record documentation requirements;
- customer service;
- service delivery to individuals with MSDs, substance abusers, offenders with disabilities and individuals with SPMI;
- Medicaid Buy-in program;
- achievement of self-employment outcomes; and
- CRPs requested CE in SE and improving service delivery to individuals with SPMI, cognitive impairments, and individuals who have dual diagnoses.

CHAPTER 2: FISCAL MANAGEMENT OF THE FDVR VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

RSA reviewed FDVR’s fiscal management of the VR and SE programs. During the review process, RSA provided TA to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency’s cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices and financial management systems.

Fiscal Management

The fiscal processes of FDVR are conducted in the state offices primarily by FDOE staff at the DSA; however, the DSU staff contribute to these duties. FDOE staff conduct much of FDVR’s fiscal activities, including completion of the SF-269 report and portions of the RSA-2 report; utilization of the state’s electronic procurement system to process administrative purchases including rent, insurance, travel, and utilities; and use of FDVR’s CMS to process payments for VR services. Procurement of VR services is conducted through fee-for-service contracts with CRPs. All seven of FDVR’s service delivery areas have a contract liaison responsible for monitoring the contracts, reviewing performance, auditing and approving invoices, providing training to CRP and FDVR staff, and expanding the CRPs available in their area. The invoice processing protocol incorporates sufficient internal controls among the VR Counselors, Contract Liaisons, Contract Managers, Supervisors and FDOE staff to discourage fraud and prevent errors.

FDVR Fiscal Performance

The data in the following table are taken from fiscal and program reports submitted by the state agencies to RSA, and speak to the overall effectiveness of the agency’s fiscal management practices. Data related to the VR program matching requirements are taken from the fourth quarter of the respective fiscal year’s SF-269 report. The data pertaining to the VR program’s MOE requirements are derived from the final SF-269 report of the fiscal year two years prior to the fiscal year to which they are compared. Fiscal data related to VR program administration, total expenditures, and administrative cost percentage are taken from the RSA-2 report.

**Table 2.1
Fiscal Data for FDVR for FY 2004 through FY 2008**

Florida (G)					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	104,412,011	115,632,314	115,823,065	127,910,117	130,459,426
Federal Expenditures	104,412,011	115,632,314	115,823,065	127,910,117	130,459,426
Required Match	28,258,905	31,295,658	31,347,284	34,618,621	35,308,587
Actual Match	28,259,717	31,089,540	31,347,285	34,618,621	35,346,438
Over (Under) Match	812	(206,118)	1	0	37,851
Carryover at 9/30 (year one)	1,631,543	5,612,381	1,116,929	0	4,743,737

Florida (G)					
Fiscal Year	2004	2005	2006	2007	2008
Program Income	4,082,482	5,265,482	5,860,050	6,205,178	5,965,883
Maintenance of Effort (MOE)	25,000,000	27,258,905	28,259,717	31,089,540	31,347,285
Administrative Costs	19,625,214	15,972,805	18,800,382	19,793,711	18,648,827
*Total Expenditures	133,974,626	145,326,161	154,253,340	166,510,885	166,760,660
Percent Admin Costs to Total Expenditures	14.6%	11.0%	12.2%	11.9%	11.2%

*Includes SE program expenditures

Fiscal Management Observations and Recommendations

As a result of its review activities, RSA identified the following performance observations related to the fiscal management of the programs under review and recommended that FDVR take specific steps to improve the agency's performance associated with each of the observations.

1. Fiscal Planning

Observation: FDVR started performance-based strategic budget and planning as required by legislative and governor initiative in FY 2004. This initiative was to be a performance-based budget planning and request document. Subsequent Administrations changed the process and, as a result, FDVR no longer uses this budget and planning system. FDVR's fiscal planning process now involves only the development of a legislative budget request for the subsequent State fiscal year. Once passed, the budget is managed monthly by executive staff using a budget reporting and monitoring process.

Since the change in FDVR's fiscal planning process, as just described, in FY 2008, RSA has noticed a sharp increase in the amount of Federal VR funds carried over each year. In FY 2008, FDVR carried over \$4.7 million in Federal VR funds. This carryover increased to \$39.5 million in Federal VR funds in FY 2009. During the on-site visit, FDVR informed RSA that it anticipated carrying over \$32 million in Federal VR funds in FY 2010; however, according to ED's RSA-MIS system, FDVR's 4th quarter SF-425 (period ending 9/30/10) reported a carryover amount of \$79,873,662 in VR funds at the end of FY 2010. While on-site, RSA discussed with FDVR financial and management staff its concern about the large increase in carryover funds during each of the last few years. The FDVR financial and management staff informed RSA that the increased carryover was due to FDVR's implementation and management of its OOS, which made it difficult for FDVR to forecast referrals, new plans, and expenditures. During this discussion, RSA suggested that FDVR could benefit from the implementation of a comprehensive, long-range fiscal planning process that takes the following into consideration:

- resources needed to achieve State Plan and strategic plan goals;
- I&E activities and expenditures planned by FDVR;
- projected (and potential) Federal and non-Federal resources, including funding reductions;
- staffing plans;
- lack of reviewing service needs and vendors able to provide those needed services; and
- a need for improved forecasting and monitoring of the FDVR OOS.

Recommendation 1: RSA recommends that FDVR develop and implement a multi-year fiscal planning process that, at a minimum, projects and regularly updates:

- anticipated financial resources (Federal and non-Federal);
- the utilization of available resources and documenting the need for additional resources;
- administrative (including indirect) expenses;
- staff salaries, fringe benefits and overhead costs;
- I&E activities; and
- costs of meeting State Plan goals and strategies.

Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that FDVR is required to undertake. FDVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and RSA is available to provide TA to assist FDVR to develop the plan and undertake the corrective actions. Regarding the findings below, RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. Use of Program Income

Legal Requirement:

34 CFR 80.21(f) states:

- (1) Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.
- (2) ... grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

Finding 1: FDVR is not in compliance with 34 CFR 80.21(f)(2) because it is not disbursing available program income, or the interest earned on that program income, before drawing down Federal VR funds.

FDVR's 4th quarter SF-269 for FY 2009 (period ending 9/30/09) reported that FDVR received \$5,417,263 in program income that year. While on-site, RSA questioned FDVR management staff about whether the earned program income was disbursed prior to drawing down Federal VR funds. During an RSA on-site meeting with FDVR and FDOE staff on January 26, 2010, FDVR and FDOE explained that requests for SSA reimbursements – FDVR's largest source of program income -- are batched and submitted to SSA on a monthly basis. SSA reimburses FDVR via electronic transfers and the funds are deposited into FDVR's account with other State funds. FDVR and FDOE assured RSA that the program income is not used for match purposes, as prohibited by 34 CFR 361.63(c)(4). During that same meeting, FDVR and FDOE staff informed RSA that FDVR uses the program income to pay for any current expenses, but deposits the balance into a State investment account, whereby it generates interest. FDVR management staff and FDOE staff on-site indicated that FDVR invested a portion of the \$5,417,263 in program income it received in FY 2009, and, as a result of that investment, earned

\$292,676 in interest. FDVR and FDOE staff told RSA that the interest earned would be used during the subsequent fiscal year, FY 2010.

Regulations at 34 CFR 80.21(f) require grantees to disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments. As such, program income funds, and the interest earned on those funds, must be disbursed before drawing down Federal VR funds, as required by 34 CFR 80.21(f)(2). While FDVR spends some of the program income earned on current needs, it admits that the balance is invested to earn interest. While the deposited funds earn interest, FDVR draws down Federal VR funds as new expenditures are incurred, rather than disbursing the remaining program income and interest first. By allowing the interest to accrue, rather than using those funds to pay on-going expenses, FDVR has failed to comply with 34 CFR 80.21(f)(2).

Corrective Actions: FDVR must:

- 1.1 cease requesting additional Federal VR funds before disbursing program income and the interest it generates; and
- 1.2 provide a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that it will disburse program income, and the interest it generates, before requesting additional cash payments, to comply with 34 CFR 80.21(f).

2. Federal Reporting

Legal Requirements:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20(a) states that:

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant.

Finding 2: FDVR is not in compliance with 34 CFR 361.12 and 34 CFR 80.20(a)(1) because FDVR did not accurately report the RSA-2 data in FYs 2007 and 2008, as described below.

In FY 2008, FDVR reported on the RSA-2, Schedule II, that the “total number of individuals participating in training” was 6,438, whereas the number of individuals reported as participating in “all other training” was 6,446. As a result, the RSA-2 was inaccurate given that the category of “all other” training reflected more individuals than the category of “total” individuals receiving training from FDVR.

On the FY 2007 RSA-2, FDVR reported 181 person years of “Counselor Staff” and 607 person years of “Staff Supporting Counselor Activities.” On its FY 2008 RSA-2 report, FDVR reported 434 “Counselor Staff” person years and 330 “Staff Supporting Counselor Activities” person years. When RSA questioned FDVR about these inaccuracies, while on-site, FDVR confirmed that the FY 2007 report reflected incorrect categorization of staff, as compared to that reported in the FY 2008 RSA-2.

During the on-site visit, discussions with FDVR staff and FDOE staff indicated that checks and balances are not in place since different individuals complete different sections of the RSA-2, and the report is not reviewed in its entirety for accuracy prior to submission. FDVR management discussed with RSA, while on-site, that there are plans underway for FDVR’s budget team to begin reviewing the reports for accuracy prior to the submission to RSA.

Federal regulations require that all recipients of Federal funds must accurately report the financial results of all Federally-assisted activities (34 CFR 361.12 and 34 CFR 80.20(a)). FDVR, as a recipient of Federal Title I VR funds, must comply with the requirements of 34 CFR Part 80 (34 CFR 361.4(a)(5)). FDVR’s inaccurate reporting of number of individuals receiving training results in an inaccurate report of individuals served. Similarly, the improper reporting of counselor staff and staff supporting counselor activities does not accurately reflect the number of FDVR staff in each category. RSA utilizes financial reports, such as the RSA-2 and the SF-269, as the basis for establishing national data trends and norms from which to compare agencies. Therefore, FDVR’s inaccurate reporting impacts RSA’s ability to develop accurate databases from which to conduct program analyses and develop reports, as required by sections 12 and 13 of the Rehabilitation Act. By submitting inaccurate reports, FDVR has failed to comply with the requirements of 34 CFR 361.12 and 34 CFR 80.20(a).

Corrective Action: FDVR must:

- 2.1 cease submitting inaccurate RSA-2 reports; and
- 2.2 submit a written assurance to RSA within 10 days of the issuance of the Final monitoring report that FDVR will submit complete and accurate RSA-2s to RSA.

3. Assigning Personnel Costs – VR Program

Legal Requirements:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20(a) states that:

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

2 CFR part 225 (formerly known as OMB Circular A-87), Appendix B, paragraph 8.h, in pertinent part, states:

- 8.h.4 Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one federal award; and (b) A federal award and a non-federal award.
- 8.h.5 Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be signed by the employee; and (d) budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes.

Finding 3: FDVR is not in compliance with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 2, Appendix B, paragraphs 8.h.4 and 8.h.5, because FDVR's time distribution methodologies for charging personnel costs to the VR program, when those staff perform duties benefiting more than one federal grant program, do not satisfy Federal requirements.

FDOE, the DSA for FDVR, has negotiated with the IDCR group at the U.S. Department of Education for a substitute system of cost allocation of salaries and wages. Under this system, FDVR can submit Personnel Activity Reports (PARs), as required by 2 CFR part 225, Appendix B, paragraph 8.h.4, for those staff splitting their work time across more than one program, to FDOE twice per year. However, FDOE does not require FDVR staff submitting these PARs to maintain or submit supporting documentation, such as a daily work log or other supporting work papers, to keep track of the time spent on multiple programs. Since the PAR must reflect an after-the-fact distribution of actual costs, this can only be effectively accomplished if the affected staff are maintaining documentation of their actual work time. Otherwise, the PAR reflects a budget of work time, which is not acceptable under 2 CFR part 225, Appendix B, paragraph 8.h.5.

Regulations at 34 CFR 361.3 require that VR funds must be used solely for the provision of VR services or for the administration of the VR program. To constitute an administrative cost under the VR program, the expenditure must be incurred in the performance of administrative functions of the VR program (34 CFR 361.5(b)(2)). Administrative salaries, including those for clerical and other support staff who work under the VR program, constitute a VR-related administrative cost (34 CFR 361.5(b)(2)(xi)). Non-VR related personnel costs do not constitute VR administrative costs because they do not arise from the performance of administrative functions for the VR program. Therefore, non-VR related expenditures are not allowable under the VR program, pursuant to 34 CFR 361.3, and may not be paid for with VR funds. If FDVR staff cannot demonstrate an after-the-fact distribution of actual costs, it cannot comply with 2 CFR part 225, Appendix B, paragraph 8.h.5. Although the funding for

the VR program represents the greatest share of FDVR's funding, the practice of assigning personnel costs to the VR program because of limited funding in other programs is not in accordance with cost principles outlined in 2 CFR part 225. For this reason, FDVR has failed to comply with 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, 8.h.4 and 8.h.5.

Corrective Actions: FDVR must:

- 3.1 cease using Title I VR funds for personnel costs that do not have supporting documentation as required under 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5; and
- 3.2 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:
 - a) personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and
 - b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by FDVR in accordance with program requirements.

4. Failure to Maintain Written Policies Governing Payment of VR Services

Legal Requirements:

34 CFR 361.50(c)(1) states:

(c) Payment for services:

- (1) The State unit must establish and maintain written policies to govern the rates of payment for all purchased vocational rehabilitation services.

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

2 CFR part 225 (formerly known as OMB Circular A-87), Appendix A, section C, in pertinent part, states:

- C.1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
 - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
 - b. Be allocable to Federal awards under the provisions of this Circular.

C.3. Allocable costs.

- a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

Finding 4: FDVR is not in compliance with 34 CFR 361.12, 34 CFR 361.50(c)(c)(1), and 2 CFR part 225, Appendix A, paragraph C because FDVR has not established and maintained written policies of how FDVR will set fees for purchased VR services.

During the on-site visit, discussions with FDVR and FDOE staff indicated that FDVR's fees for purchased VR services are set based upon Florida Statute. Specifically, the determination of whether fees are reasonable is based upon Florida Statute Chapter 216.3475, regarding the maximum rate of payment for services funded under General Appropriations Act or awarded on a noncompetitive basis, which states:

—A person or entity that is designated by the General Appropriations Act, or that is awarded funding on a noncompetitive basis, to provide services for which funds are appropriated by that act may not receive a rate of payment in excess of the competitive prevailing rate for those services unless expressly authorized in the General Appropriations Act. Each agency shall maintain records to support a cost analysis, which includes a detailed budget submitted by the person or entity awarded funding and the agency's documented review of individual cost elements from the submitted budget for allowability, reasonableness, and necessity.

Federal regulations require FDVR to establish procedures that enable it to administer the VR program in an efficient manner that ensures it can carry out all functions properly (34 CFR 361.12). FDVR also must establish and maintain written policies that govern the rates of payment for all purchased VR services (34 CFR 361.50(c)(1)). The Federal cost principles require that allowable costs be necessary and reasonable for proper and efficient program performance and administration, as well as be allocable to the program (2 CFR part 225, Appendix A, paragraph C.1). To be allocable to a program, the cost must be relative to the benefit received (*Id.* at paragraph C.3.). FDVR has failed to comply with 34 CFR 361.12 and 34 CFR 361.50(c)(1) by not having a written policy in place for determining rates of payments for purchased VR services. This Federal requirement is consistent with the State requirement that FDVR "maintain records to support a cost analysis, which includes a detailed budget submitted by the person or entity awarded funding and the agency's documented review of individual cost elements from the submitted budget for allowability, reasonableness, and necessity." By not maintaining these written policies, FDVR cannot ensure that the costs of purchased services are reasonable and necessary and, thus, allocable to the VR program. FDVR, therefore, has failed to comply with the requirements set forth at 34 CFR 361.12, 34 CFR 361.50(c)(1), and the cost principles set forth in 2 CFR part 225, Appendix A, paragraph C.

Corrective Action: FDVR must:

- 4.1 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report that FDVR will develop written policies governing the payment of purchased VR services, as required by 34 CFR 361.50(c)(1), and that these policies will comply with 34 CFR 361.12 and 2 CFR part 225, Appendix A, paragraph C;
- 4.2 establish and maintain written policies governing the rates of payment for all purchased VR services; and

- 4.3 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Technical Assistance

This section of the chapter describes the technical assistance (TA) provided by RSA to FDVR during the course of the review. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix A of this report titled “FDVR Response.”

TA Provided

To enable the agency to improve its fiscal management processes, RSA provided TA to FDVR during the review process regarding:

- RSA’s assessment of the agency’s compliance with specific financial requirements, including match, MOE, carryover, program income, liquidation of outstanding obligations and grant closeout;
- strategic fiscal and program planning to efficiently and effectively expend federal and matching funds for the VR program;
- the completion of federally required SF-269 and RSA-2 financial and statistical reports;
- the need for DSU staff to review the financial reports prior to submission to RSA;
- additional checks and balances between the DSA and DSU to ensure accuracy of the VR program statistics on the RSA-2 report;
- the requirement to disburse program income prior to requesting additional cash payments;
- OMB Circular A-87 time distribution documentation requirements applicable to staff working on more than one program (federal and/or state);
- OMB Circular A-87 semi-annual certification requirement applicable to staff charging 100 percent of their time to one federal grant program;
- third-party cost allocation requirements and the inclusion of a detailed budget delineating fiscal responsibilities of each agency as part of the TPCAs with schools;
- TPCA match requirement and contracting practices;
- the need for written policies governing the provision of services for individuals with disabilities; and
- fiscal data analysis for forecasting fiscal requirements for operating under OOS.

VR and SE Fiscal Issues for Further Review

RSA plans on conducting further review of the VR and SE fiscal issue below.

- FDOE’s approved IDCRC, determined from expenditures of Federal and non-Federal funds, has been applied only to Federal funds during FY 2005 – FY 2009; therefore, the non-Federal indirect costs are not collected by the state. RSA will be conducting further review to ensure that the approved IDCRC is being applied properly to the approved base of expenditures and that Federal funds are not being used to pay more than its fair share under the approved IDCRC.

CHAPTER 3: PROGRESS TOWARD REDRESSING FINDINGS FROM PRIOR RSA REVIEWS

As a result of the RSA review of FDVR conducted in FY 2004, FDVR implemented a Corrective Action Plan in accordance with 34 CFR 361.82(b). A summary of the agency's progress in completing the corrective actions appears below.

Corrective Action Plan

Through the implementation and completion of the CAP, FDVR successfully resolved compliance findings in the programmatic and fiscal areas below.

- Based on the results of RSA's service record review, FDVR was not applying the presumptive eligibility provisions consistent with 34 CFR 361.42(a)(3)(i)(A).
- Based on the results of RSA's service record review, FDVR did not meet the federal requirement in Section 34 CFR 361.45(b)(1) for the vocational assessment to determine the individual's VR needs. The purpose of the assessment is to determine the employment outcome, and the nature and scope of VR services to be included in the IPE
- FDVR did not consistently meet the federal and state-imposed requirements regarding initial contact with the individual and IPE development consistent with 34 CFR 361.41(a) and 34 CFR 361.45(e), respectively, and FDVR's state-imposed timelines.
- Based on the results of RSA's service record review, FDVR did not meet the federal requirement of 34 CFR 361.56(a) because the employment outcomes achieved by individuals differ substantially from those described in the IPE, and/or the IPE was not amended when there was a substantive change in the employment outcome consistent with 34 CFR 361.45(d)(6).
- FDVR service policies do not comply with the provisions of 34 CFR 361.50(a) in that they do not take into account the individualized needs of VR participants based on the IPE, specifically in the area of transportation. In addition, FDVR places arbitrary limits on vehicle modifications by utilizing a formula based on the trade-in value of the Kelly Blue Book, without allowing for exceptions.

PART II: REVIEW OF FLORIDA DIVISION OF BLIND SERVICES EXECUTIVE SUMMARY

During FY 2010, RSA reviewed the performance of the following programs authorized by the Act in the state of FL:

- the VR program, established under Title I;
- the SE program, established under Title VI, Part B; and
- the OIB program, established under Title VII, Chapter 2.

Florida Administration of the VR, SE, and OIB Programs for the Blind and Visually- Impaired

FDDBS is the DSU that administers the VR, SE and OIB programs for the blind and visually-impaired, with oversight by FDOE, the DSA. FDDBS is the separate VR agency that provides services to individuals who are blind and visually-impaired.

FDDBS Performance over the Past Five Years

Based on data provided by FDDBS through various RSA reporting instruments, the agency's employment rate increased from 59.9 percent to 63.4 percent during the period beginning in FY 2004 and ending in FY 2008. Over this same period, the number of applicants for VR services increased from 1,797 to 2,524, the number of individuals who received services and exited the program under an IPE increased from 1,076 to 1,194, and the number of individuals the agency assisted to achieve an employment outcome increased from 644 to 729. From FY 2004 through FY 2008, the average hourly earnings of individuals who achieved competitive employment outcomes increased from \$10.47 to \$12.80.

Additionally during the period, of those individuals who achieved an employment outcome, the number who achieved an SE employment outcome increased from 57 to 60. The average hourly earnings for these individuals increased from \$6.97 in FY 2007 to \$8.17 in FY 2008. FDDBS had no SE employment outcomes from FY 2004 to FY 2006.

Through contracts with Lighthouses for the Blind (LHFBs), the number of individuals served through the FDDBS OIB Program decreased from 2,776 to 2,580 from FY 2006 to FY 2009.

Observations of the Agency and Stakeholders

Throughout the course of the review, agency personnel and stakeholder representatives, including the SRC and the CAP, shared information concerning the administration and performance of the FDDBS VR, SE and OIB programs. During the review, they identified the observations listed below.

- With respect to purchases of AT equipment, the SRC indicated that district administrators (DAs) must contact the state office for prior approval of the service. The added layer of approval appears to delay service delivery.
- CRPs indicated that CRPs under contract with FDDBS must input case notes into the CMS regarding services they provide on the IPE, resulting in additional work for CRP staff.

- FDDBS indicated that staff need training to better address the needs of consumers that have secondary disabilities in addition to blindness and visual impairments. An agreement is in place with FDVR to help serve these individuals. However, since FDVR is currently on an OOS, these individuals may wait several months before being served.

Strengths and Challenges

Based on the observations from the agency and its stakeholders and other information gathered through the review process, RSA concluded that FDDBS exhibited a variety of strengths that enhanced, and experienced a number of challenges that inhibited its ability to improve, the performance of its VR, SE and OIB programs.

Strengths

Dyntek: FDDBS's cooperative working relationship with Dyntek, the information technology (IT) provider for the agency, has facilitated the provision of IT both to internal staff as well as FDDBS consumers. Dyntek is a national IT company that has cultivated a customer service philosophy which is responsive to FDDBS staff and consumers. This relationship has expanded since FY 2000 into a \$1 million contract including five individuals who serve the five regions of the state. Dyntek provides JAWS scripting, operates a Disaster Recovery Center at the Orientation & Adjustment (O&A) Center in Daytona, and dispatches an IT traveling team to address needs of VR consumers. As a result of security audits conducted by the DSA, Dyntek has written security policies that FDDBS has adopted.

Service Delivery Market Analysis: FDDBS has conducted a market analysis with Public Consulting Group (PCG) to analyze costs the agency pays to CRPs, via contracts, for the provision of VR services to FDDBS consumers. In particular, this market analysis is expected to determine the average cost for CRPs to serve FDDBS consumers per service type, and establish more structured cost bases for each service. With this updated information, FDDBS anticipates it will revise future contracts in terms of amounts paid for purchased VR services.

Governor's Sterling Award: FDDBS was awarded the FL Governor's Sterling Award (GSA) in 2007 as an agency role model for organizational performance excellence. The GSA is derived from the Baldrige Criteria for Performance Excellence and is based on organizational performance on the following seven criteria: 1. Leadership; 2. Strategic Planning; 3. Customer Focus; 4. Measurement, Analysis, and Knowledge Management; 5. Workforce Focus; 6. Process Management; and 7. Results.

CSPD/Human Resource Development: Ninety-five percent of FDDBS' VR Counselors met the CSPD standard in FY 2009. FDDBS provided a \$2,000 salary increase to individuals that attain the CRC. Additionally, FL offers a tuition waiver for individuals to attend an in-state university, paying for up to six credit hours per semester. The waiver, along with the RSA in-service training grant, allows VR Counselors to meet the CSPD standard.

Challenges

Case Management System: FDDBS' CMS was tailored from a commercial product and was implemented on October 1, 2006. While the current CMS resolved some of the problems of the

previous system, it generated new problems, including problems related to IPE development and coding of “Special Programs,” and external features with CRP data input, communication and billing. FDBS does not have a mechanism to systematically verify the validity and accuracy of the CRP data. The design of the system creates barriers to inputting data both internally and externally. As a result, data quality is compromised.

Data Analysis: RSA’s analysis of FDBS’ RSA-911 data from FY 2004-FY 2008 identified significant discrepancies in many data fields for the period of FY 2006 and FY 2007. Data review and discussion with FDBS management indicated that there were inaccuracies in the data of some categories, including some areas in which there was no data. Therefore, RSA was unable to identify service delivery trends. Possible contributing factors may be related to the previous CMS and the system conversion.

Quality Assurance: FDBS conducts various QA activities that address internal and external service delivery. However, the activities are not integrated into a comprehensive QA system such that the agency can evaluate its financial and programmatic performance.

Transition-Age Youths: FDBS provides services to transition-age youths via 12 transition contracts with CRPs that include participation in summer youth programs. The performance on quality indicators for FDBS transition employment outcomes is lower than transition employment outcomes of blind agencies nationally, as well as FDBS’ total employment outcomes.

Supported Employment: FDBS provides SE services primarily through four contracts with CRPs. In FY 2008, FDBS reported lower SE employment outcomes than blind agencies nationally, and agency staff revealed a limited understanding of the purpose of the SE program and the use of extended services.

Assistive Technology Provision: A significant portion of FDBS consumers require AT equipment to achieve a successful employment outcome. Many consumers have experienced significant delays in receiving AT equipment necessary to perform the essential functions of their jobs. The delay in receiving equipment has resulted in delays with the individual’s employment start date or decreased productivity, at times placing the individual’s employment outcome in jeopardy.

Interagency Collaboration: FDBS utilizes partnerships and agreements to assist in providing services to its consumers. However, these collaborative efforts have not clearly delineated the roles and responsibilities of each partner regarding service delivery, resulting in the inconsistent implementation of service delivery to VR consumers across the state.

IPEs: FSBS has implemented a series of additional “plans” besides the statutory/regulatory IPE, including a “transition plan,” “comprehensive assessment plan” and “SE plan.” The use of these other “plans” creates additional paperwork burden on agency staff.

OIB Program: FDBS serves individuals in the OIB program that are under the age of 55, and, therefore, not eligible for the OIB program.

Acknowledgement

RSA wishes to express appreciation to the representatives of FDOE and FDDBS, the SRC, the SILC and the stakeholders who assisted the RSA monitoring team in the review of FDDBS.

CHAPTER 1: VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS OF FDDBS

VR and SE Program Systems

The following sections of this chapter describe the manner in which FDDBS administers and operates the VR and SE programs through a variety of functions or systems, including service delivery, personnel, case and data management, QA, and planning.

Service Delivery

FDDBS is comprised of 11 district offices and four satellite offices located throughout the state. The agency contracts with 16 CRPs, mostly LHFBS, to provide the majority of VR, transition and SE services. FDDBS administers 16 VR contracts, 12 transition contracts, and four SE contracts. Many LHFBS provide VR, transition and SE services under multiple contracts. Generally, contract services include adjustment to blindness in areas such as orientation and mobility (O&M), activities of daily living (ADLs), and home management, as well as job-related activities, including job readiness, job coaching, SE, and AT. FDDBS service delivery contracts are awarded directly to the CRPs under a state exemption that does not require a competitive procurement process.

FDDBS requires all CRPs to enter case notes and submit invoices electronically through the agency's CMS. This has placed an additional administrative burden on CRPs, and through the Florida Association of Agencies Serving the Blind (FAASB), they negotiated for additional funds that are built into the contracts to offset the administrative costs associated with this activity.

In FY 2008, Purchased Services accounted for 47 percent of total expenditures. FDDBS spent \$15,017,281 on Training, representing 62.9 percent of expenditures for services provided, followed by All Other Services at 9.8 percent and Maintenance at 6.6 percent.

VR Counselors work with individuals to implement the IPE and directly provide guidance and counseling. They facilitate college referrals and transition services for students, and provide almost all of FDDBS job placement services.

Transition-age youths between the ages of 14 to 24 receive services primarily under the 12 CRP contracts. FDDBS administers four contracts with CRPs to provide SE services, including three LHFBS and the Conklin Center for the Blind (CCB). The CRPs provide training and placement to individuals with MSDs. The state does not fund SE extended services to individuals who are blind or visually impaired. However, the Able Trust Foundation and the United Way provide funding for SE extended services.

FDDBS utilizes the CCB, a private non-profit CRP situated on a nine-acre campus in Daytona, to provide services to individuals who are blind or visually impaired and have at least one additional disability. CCB can accommodate 39 to 42 individuals annually at its residential facility. FDDBS operates the O&A Center, a residential facility also located on the Daytona campus that provides services to individuals who are blind or visually impaired. These services include, but are not limited to, adjustment to

blindness services including O&M, job readiness skills, job training, and communication skills. Individuals reside between six to eight weeks, and the center can serve up to 120 individuals per year.

FDBS has agreements with three One-Stop Career Centers but is not co-located at any of the sites.

The eligibility to IPE timeline is 30 business days according to FDBS' policy manual. However, FDBS indicated the VR Counselors interpret the timeline as 30 calendar days, and IPEs are implemented within 15-20 days.

Personnel

FDBS employs 246 FTEs in the VR program. Table 1.1 below demonstrates the breakdown of staff across the agency. Of the total, 54 are VR Counselors.

**Table 1.1
FDBS Personnel Data for FY 2008**

Position	Number of Staff
VR Counselor	54
Staff Supporting Counselor activities	113
Administrative Staff	63
Other Staff	16
Total	246

FDBS does not indicate any problems with turnover or attrition, and it can fill positions adequately through advertising and standard hiring procedures. Local DAs have relationships with several state universities to recruit qualified individuals. FDBS utilizes unpaid internships to attract individuals who are interested in the VR Counselor position.

FDBS' CSPD standard is eligibility to meet the CRC educational requirements. Individuals must have a master's degree in a counseling or counseling-related field and meet the required courses to sit for the CRC examination. FL offers a tuition waiver for individuals to attend an in-state university, paying for up to six credit hours per semester. The waiver, along with the RSA in-service training grant, allows VR Counselors to meet the CSPD standard. Ninety-five percent of VR Counselors met the CSPD standard in FY 2009. FDBS provides a \$2,000 salary increase to individuals that attain the CRC.

Data and Case Management

FDBS' CMS was tailored from a commercial product and was implemented on October 1, 2006. While the current CMS resolved some of the problems of the previous system, it generated new problems including problems related to IPE development and coding of "Special Programs," and external features with CRP data input, communication and billing. In addition to VR service records and other related data fields, the new system contains data elements from all of FDBS' programs, including VR and non-VR related programs.

The system has the capacity to monitor the flow of service records; provide built-in cues to check for data errors and missing fields; and record authorizations, including the vendor contact, types of services, length and frequency of each service, and itemized costs. The billing invoice feature in the system lists estimated and actual units used by service category and participant reports. The system generates a variety of reports for pertinent FDBS staff to meet internal and external needs, including management, RSA and budget planning reports. The quality and features of the system have improved significantly over the past two years.

FDBS staff have varying levels of system access, with executive and system management staff having the full access to its information. CRPs have access only to their own service records. However, many CRPs have their own CMSs that do not interface with the FDBS system.

FDBS developed an internal workgroup to address routine system issues and propose improvements to the developer. In addition, FDBS formed a system-users focus group to recommend enhancements to the system.

Quality Assurance

In FY 2009, FDBS designated a staff member as the QA Program Specialist. FDBS monitors and evaluates its internal VR service delivery system primarily through service record reviews. The DAs and supervisors conduct the reviews to assess timeliness, service delivery, documentation, and VR Counselor training needs. Results of the reviews are analyzed by the QA Program Specialist to assess trends in the service delivery system and determine the need for statewide training, procedural clarification, and policy revision or development. Review findings requiring corrective action are forwarded to the BFS Chief who ensures a corrective action plan is developed at the district level and follow-up is conducted to ensure implementation of the approved plan.

The QA Program Specialist is also the lead for policy development, and works together with the policy team, comprised of FDBS staff throughout the agency. Policy review and development begins with the policy team's draft or revision that is reviewed by the BFS Chief, the CAP, the FDBS Director, and the SRC before finalization. The QA Program Specialist or BFS Chief disseminates the policy broadly through e-mail and a posting on the agency's shared drive and website.

In FY 2007, FDBS implemented CRP monitoring and evaluation activities to address QA of the external service delivery system. The Contract Administrator develops and implements contracts with CRPs. The CRP review includes a checklist to assess performance and deliverables of each contract against established standards and indicators and an annual on-site review. The Contract Administrator is responsible for ensuring that any corrective actions are implemented in response to review findings, while the Compliance Review Team monitors the CRPs' corrective action plans. Contract management is performed by the Program Consultant who reviews CRP data input, invoices, and supporting documentation in the agency's CMS. At the field level, DAs and district supervisors review a sample of CRP service records quarterly, and the DA reviews and approves invoices sent to the Contract Manager for processing. A contract and compliance manual, contract standards, and a monitoring checklist have been formally developed.

Planning

FDBS utilizes its State Plan and strategic plan to guide the agency. The State Plan is developed by executive management in headquarters and includes input from the SRC and consumers from public hearings. The agency's strategic plan was developed in FY 2004 by executive management and DAs, and FDBS is working on a new five-year plan in FY 2010. FDBS has conducted meetings with the SRC, sent questionnaires to stakeholders, and conducted an analysis of strengths, weaknesses, opportunities, and threats. Goals and objectives are established and projects are prioritized and implemented to support each one.

The FY 2007 CSNA results are incorporated into the FY 2009 and FY 2010 State Plans. The needs identified in the CSNA were matched with the unmet needs identified in the strategic plan. A final list of goals was established, including measures to assess the effectiveness of the goals and monthly meetings to review them.

VR and SE Program Performance

The following table provides data on the performance of the VR and SE programs administered by FDBS in key areas from FY 2004 through FY 2008.

Table 1.2
Program Highlights for FDBS VR and SE program for FY 2004 through FY 2008

Program Highlights	2004	2005	2006	2007	2008
Total funds expended on VR and SE	\$27,017,733	\$28,637,111	\$31,624,898	\$36,375,868	\$38,861,161
Individuals whose cases were closed with employment outcomes	644	632	694	710	729
Individuals whose cases were closed without employment outcomes	432	329	405	372	420
Total number of individuals whose cases were closed after receiving services	1,076	961	1,099	1,082	1,149
Employment rate	59.85%	65.76%	63.15%	65.62%	63.45%
Individuals whose cases were closed with supported employment outcomes	0	0	0	11	4
New applicants per million state population	91	98	97	113	118
Average cost per employment outcome	\$6,007	\$6,804	\$6,316	\$7,050	\$7,491
Average cost per unsuccessful employment outcome	\$4,673	\$5,580	\$5,949	\$5,366	\$4,181

Program Highlights	2004	2005	2006	2007	2008
Average hourly earnings for competitive employment outcomes	\$10.47	\$10.97	\$11.39	\$12.00	\$12.80
Average state hourly earnings	\$16.61	\$17.58	\$18.28	\$18.96	\$19.42
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	63%	62%	62%	63%	66%
Average hours worked per week for competitive employment outcomes	31.2	32.2	32.0	31.4	30.6
Percent of transition age served to total served	15.43%	16.34%	14.19%	13.77%	12.53%
Employment rate for transition population served	38.55%	43.95%	46.15%	53.69%	47.22%
Average time between application and closure (in months) for individuals with competitive employment outcomes	21.3	22.7	20.5	21.7	21.2
Performance on Standard 1	Met	Met	Met	Met	Met
Performance on Standard 2	Met	Met	Met	Met	Met

VR/SE Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that FDBS take specific steps to improve the agency's performance associated with each of the observations.

1. Case Management System

Observation: While the current CMS resolved some of the problems of the previous system, it generated new problems, including problems related to IPE development and coding of "Special Programs," and external features with CRP data input, communication and billing. As a result of the problems with the new system, there is an increased burden on agency staff and inaccurate data. In addition, there is an increased burden on CRP staff because they have to enter data both in FDBS' system and their own.

- The current system impedes IPE development by listing all possible services, requiring VR Counselors to delete services that do not apply. This feature is cumbersome and time consuming because it requires the VR Counselor to enter one service per screen, thus creating an unnecessarily lengthy IPE, ranging from 15 to 50 pages. If an amendment is required, the IPE is "cloned" and the entire document is reprinted. As a result, a consumer's service record, including the IPE and amendments, can be several inches thick or contained in multiple volumes. VR Counselors and the FDBS Director have relayed the cumbersome nature of this feature and want to address it to increase efficiency.

- In FY 2008, it was reported that only four FDDBS consumers exited the VR program with a SE employment outcome, while additional data provided on-site indicated a much higher number of individuals achieving a SE employment outcome in the same year. During the on-site, further exploration of the CMS disclosed that SE data may be entered in more than one location and there is no indicator on the closure screen to verify SE status. However, the system does not consolidate the data from various locations.
- CRPs are required to enter the consumer information into the system. Since CRPs have their own data management systems to contain their consumers' data, they consider this requirement to be duplicative and labor intensive, such that some CRPs have hired additional staff members to enter the data. In addition, services identified on the IPE are not coded consistently so that CRPs can submit invoices for payment. Many CRPs are also confused with some of the system features in the invoice billing fields.
- RSA's analysis of FDDBS' RSA-911 data from FY 2004-FY 2008 identified significant discrepancies in many data fields during FY 2006 and FY 2007. Data review and discussion with FDDBS management indicated that there were inaccuracies in the data of some categories, including some areas in which there was no data; therefore, RSA was unable to identify service delivery trends. Possible contributing factors may be related to the previous CMS and the system conversion. It also appears that incorrect information may impact sections of the RSA-2 schedule II.

Recommendation 1: RSA recommends that FDDBS revise and update the CMS to address IPE service selection, SE reporting, CRP data input and billing, and RSA reporting to improve data quality.

2. Quality Assurance

Observation: RSA's review of FDDBS' QA system did not demonstrate that the QA processes are integrated in a manner that permits FDDBS to assess internal service delivery, and the external services provided by CRPs. As a result, FDDBS cannot effectively evaluate the agency's financial and programmatic performance on an ongoing basis.

- FDDBS' internal QA activities focus primarily on service record reviews. FDDBS utilizes the review results to analyze trends in-service delivery, identify staff training needs, clarify procedures, and revise and develop policy.
- FDDBS' external QA activities include contract development, CRP monitoring against established agency standards and indicators, and the review of CRP input in the CMS, including invoices and supporting documentation. This process is not integrated into the overall QA system.
- FDDBS contracted with PCG to determine the average cost of services provided, and total amounts expended, from each contract. The next phase is to analyze the actual costs of CRP provided services and compare them to the estimates FDDBS used to develop the contracts to determine their effectiveness; however, this step was not complete at the time of the on-site review.
- An Ombudsman position was established to manage consumer complaints internally and informally. While the Ombudsman position qualifications require a high school diploma, the employee has the authority to overturn decisions by VR Counselors.
- The current draft strategic plan includes a goal regarding the FDDBS infrastructure, with an objective to improve QA monitoring of the agency. The current measure is to reduce the number of IG audit findings, but does not address the integration of functions across the agency including results from contract monitoring and market analysis, VR Counselor service record reviews,

fiscal planning, and the results of consumer satisfaction surveys and the CSNA, into a comprehensive QA system.

Recommendation 2: RSA recommends that FDBS:

- 2.1 expand the existing internal QA activities beyond service record reviews to address the effectiveness of internal service delivery;
- 2.2 continue to work with PCG and compare the average cost of contract services with the estimated costs of services at contract development to determine the efficiency of service provision externally versus internally, and to analyze contract performance compared to contract costs;
- 2.3 reassess the Ombudsman position to determine its efficacy within the agency, including equitable position qualifications commensurate to that of a VR Counselor; and
- 2.4 integrate all agency QA activities into a comprehensive QA system that effectively assesses internal and external service delivery.

3. Transition-Age Youths

Observation: FDBS provides services to transition-age youths via 12 transition contracts with CRPs, as well as through FDBS’ VR counselors. Data provided by FDBS indicates that of the 441 transition-age youths served by FDBS in FY 2009, 352 individuals (79.8 percent) were provided services through the 12 transition contracts, and 89 individuals (20.2 percent) were provided services through FDBS’ VR counselors. Table 1.3 and 1.4 below demonstrate that the quantity and quality of employment outcomes for transition-age youths receiving services from FDBS is lower than employment outcomes for national blind agencies and employment outcomes for the entire agency, respectively.

**Table 1.3
FDBS Quality Indicators of Transition-Age Youths (ages 14-24)
Using Age at Application for FY 2004 through FY 2008**

Closure Performance for Transition-age Youths	2004	2005	2006	2007	2008
Employment rate					
Agency	38.6%	43.9%	46.2%	53.7%	47.2%
Blind agencies	49.5%	48.0%	52.5%	55.9%	53.4%
Percent employment outcomes with the ratio of hourly earnings at a level to or exceeding indicator 1.5					
Agency	25.0%	36.2%	23.6%	12.5%	17.6%
Blind agencies	29.0%	29.7%	26.1%	26.8%	28.6%
Median hourly earnings for competitive employment outcomes					
Agency	\$7.15	\$9.00	\$8.33	\$8.00	\$8.00
Blind agencies	\$8.25	\$8.90	\$9.00	\$9.00	\$9.55
Closed with competitive employment outcomes at SGA level at 35 or more hours per week					
Agency	31.7%	43.9%	40.6%	19.7%	25.0%
Blind agencies	39.5%	40.5%	42.6%	38.2%	38.4%

- In FY 2007, FDDBS' employment rate for transition-age youths was 53.7 percent compared to 55.9 percent for blind agencies nationally. In FY 2008, the comparison was 47.2 percent for FDDBS and 53.4 percent for blind agencies nationally.
- In FY 2007, FDDBS' percent of employment outcomes with the ratio of hourly earnings at a level equal to or exceeding indicator 1.5 was 12.5 percent compared to 26.8 percent for national blind agencies. In FY 2008, the comparison was 17.6 percent for FDDBS and 28.6 percent for blind agencies nationally.
- In FY 2007, FDDBS' median hourly earnings for competitive employment outcomes was \$8.00 compared to \$9.00 for blind agencies nationally. In FY 2008, the comparison was \$8.00 for FDDBS and \$9.55 for blind agencies nationally.
- In FY 2007, FDDBS' percent closed with competitive employment outcomes at SGA level of 35 or more hours per week was 19.7 percent, compared to 38.2 percent for blind agencies nationally. In FY 2008, the comparison was 25.0 percent for FDDBS and 38.4 percent for blind agencies nationally.

Table 1.4
FDDBS Quality Indicators of Transition-Age Youths Compared to
FDDBS Total Population for FY 2004 through FY 2008

Closure Performance	2004	2005	2006	2007	2008
Employment rate					
Transition-age youths	38.6%	43.9%	46.2%	53.7%	47.2%
Total population	59.9%	65.8%	63.1%	68.2%	63.4%
Percent employment outcomes with the ratio of hourly earnings at a level to or exceeding indicator 1.5					
Transition-age youths	25.0%	36.2%	23.6%	12.5%	17.6%
Total population	38.5%	31.3%	32.9%	31.3%	35.3%
Median hourly earnings for competitive employment outcomes					
Transition-age youths	\$7.15	\$9.00	\$8.33	\$8.00	\$8.00
Total population	\$8.25	\$8.61	\$9.00	\$9.48	\$10.00
Closed with competitive employment outcomes at SGA level at 35 or more hours per week					
Transition-age youths	31.7%	43.9%	40.6%	19.7%	25.0%
Total population	34.6%	37.8%	35.5%	35.4%	35.2%

- In FY 2007, FDDBS' employment rate for transition-age youths was 53.7 percent compared to 68.2 percent for FDDBS' total population. In FY 2008, the comparison was 47.2 percent for transition-age youths and 63.4 percent for the total population.
- In FY 2007, FDDBS' percent of employment outcomes with the ratio of hourly earnings at a level equal to or exceeding indicator 1.5 was 12.5 percent for transition-age youths compared to 31.3 percent for FDDBS' total population. In FY 2008, the comparison was 17.6 percent for transition-age youths and 35.3 percent for the total population.

- In FY 2007, FDDBS' median hourly earnings for competitive employment outcomes was \$8.00 for transition-age youths compared to \$9.48 for FDDBS' total population. In FY 2008, the comparison was \$8.00 for transition-age youths and \$10.00 for the total population.
- In FY 2007, FDDBS' percent closed with competitive employment outcomes at SGA level of 35 or more hours per week was 19.7 percent for transition-age youths compared to 35.4 percent for FDDBS' total population. In FY 2008, the comparison was 25.0 percent for transition-age youths and 35.2 percent for the total population.

CRP Assessment

- FDDBS has instructed its CRPs to conduct a transition comprehensive functional assessment (TCFA) twice per year and enter the information into the agency's CMS. The TCFA is comprised of a 20 to 30 minute questionnaire and appears to assess only pre- and post-evaluation of the summer youth programs that the CRPs conduct. CRPs have not reached consensus on the utility of the measure. In comparison, the comprehensive functional assessment (CFA) includes school visits, interviews with family members at the home, and additional activities that provide a more complete assessment of the individual's functioning.

Recommendation 3: RSA recommends that FDDBS:

- 3.1 in connection with recommendation 2.2, analyze the services provided under the 12 CRP transition contracts and FDDBS VR counselors to determine the efficacy of service delivery under both models;
- 3.2 develop and implement policies and procedures to ensure that performance targets are met for transition-age youths served under the contracts;
- 3.3 add performance indicators that address quality of services to assess the performance of the 12 transition contracts; and
- 3.4 include the TCFA as part of the CFA to streamline CRPs' assessments and CMS data input to improve service delivery for transition-age youths.

4. Supported Employment

Observation: In FY 2008, FDDBS reported a lower number of SE outcomes than blind agencies nationally, and discussions with agency staff indicated a limited understanding of the purpose of the SE program, the use of extended services and the program requirements. FDDBS provides a significant portion of its SE services through the four SE contracts with CRPs. As a result, FDDBS does not implement an effective SE service delivery program to benefit individuals with SE needs.

- In FY 2008, FDDBS reported four SE outcomes, representing 0.5 percent of FDDBS' total employment outcomes, compared to 2.5 percent for national blind agencies. VR Counselors in one district stated they have not recorded a successful SE outcome since FY 2004.
- In some counties, individuals requiring SE services are served under the 16 VR contracts, as SE resources may not be available outside of the four SE contract service areas.
- Another factor contributing to the confusion regarding SE is that FDDBS staff do not fully understand the closure criteria. Staff understood that the individuals must maintain the SE employment outcome for a minimum of 150 days from stabilization of employment, rather than 60 days after the transition to extended services as required.

Recommendation 4: RSA recommends that FDBS:

- 4.1 develop and implement policies and procedures to identify individuals with MSDs that require SE services to achieve successful employment outcomes;
- 4.2 analyze the agency’s SE service delivery system to ensure SE is available statewide; and
- 4.3 provide agency training to all staff regarding the SE program requirements, including the use of extended services and closure criteria.

5. Assistive Technology Provision

Observation: Individuals who successfully obtained employment following the provision of FDBS services have experienced significant delays in receiving AT equipment necessary to perform the essential functions of their jobs. As a result, FDBS staff reported delays with the individual’s employment start date or impaired productivity until the required AT equipment has been delivered, at times placing the individual’s employment in jeopardy.

- FDBS maintains annual contracts with vendors throughout the state for the provision of AT equipment and software setup for individuals with AT needs.
- FDBS staff reported that delays with the provision of AT equipment are due to quarterly budget restrictions and the time consuming approval process. Prior to the purchase of AT equipment, FDBS staff are required to obtain the necessary approval through FDBS’ chain of command.

Recommendation 5: RSA recommends that FDBS:

- 5.1 ensure that individuals with AT equipment and software needs are provided with these resources in a timely a manner in order to successfully maintain employment (i.e. AT loaner or reutilization program); and
- 5.2 streamline the current AT equipment approval process such that an individuals’ employment outcome is not jeopardized due to delays in receiving AT equipment necessary to perform the essential functions of the job.

6. Interagency Collaboration

Observation: FDBS engages in partnerships and agreements with several state agencies. The collaborative efforts between FDBS and its partners have not clearly delineated the roles and responsibilities of each partner regarding service delivery, resulting in the inconsistent implementation of service delivery to VR consumers across the state.

- While FDOE and FDBS appear to have a collaborative working relationship, the State Education Agency (SEA) agreement is outdated. By working directly with the parents, FDBS has taken a lead role to obtain parental consent for FDBS and LHFB staff to attend IEP meetings. FDBS is experiencing difficulty with the outreach to obtain parental consent. However, this is the responsibility of school personnel.
- There are concerns regarding the need for more sensitivity training and disability awareness on the part of One-Stop Career Center staff regarding persons who are blind or visually impaired. Additionally, some VR Counselors are not fully aware of the services provided at the One-Stop Career Centers.
- Discussions with district staff and FDBS’ SRC revealed concerns regarding the MOU between FDVR and FDBS. For example, in serving joint consumers, FDVR is unable to provide services to individuals due to delays associated with the OOS waiting list. Additionally, FDVR refers

individuals to FDBS in larger numbers than FDBS refers to FDVR, and a significant portion of the individuals that FDVR refers to FDBS do not meet FDBS' eligibility requirements.

- FDBS is providing accommodation services to individuals in post-secondary education. Per the institutions of higher education (IHE) agreements, this service is required to be provided by the IHE's Disability Support Services department.

Recommendation 6: RSA recommends that FDBS:

- 6.1 update the SEA agreement to delineate the roles and responsibilities of each partner to include the coordination of IEP meetings and obtaining parental consent;
- 6.2 conduct additional cross-training between FDBS and One-Stop Career Centers to improve each partner's understanding of the services offered by each agency and to increase One-Stop Career Center staff sensitivity to the needs of individuals who are blind or visually impaired;
- 6.3 update the MOU with FDVR to address the roles and responsibilities of both DSUs regarding appropriate referrals and service provision to joint consumers when one or both DSUs is on an OOS;
- 6.4 conduct cross-training between FDBS and FDVR to improve the appropriateness of referrals, increase staff knowledge of each agency's eligibility criteria, and the impact of OOS; and
- 6.5 continue to work with IHEs' Disability Support Service departments to ensure they are fulfilling their responsibility to provide accommodation services as outlined in the agreement.

VR/SE Program Compliance Findings and Corrective Actions

As a result of its review activities, RSA identified the following compliance findings and corrective action that FDBS is required to undertake. FDBS must develop a Corrective Action Plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the Corrective Action Plan can be developed within 45 days from the issuance of this report and is available to provide TA to assist the agency in the development of the plan and the implementation of the corrective actions. RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of the Education Department General Administrative Regulations (EDGAR).

1. Individualized Plan for Employment

Legal Requirements:

34 CFR 361.45 - Development of the individualized plan for employment.

(b) *Purpose.*

- (2) The IPE must be designed to achieve a specific employment outcome, as defined in §361.5(b)(16), that is selected by the individual consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

(d) *Mandatory procedures.* The designated state unit must ensure that –

- (7) Amendments to the IPE do not take effect until agreed to and signed by the eligible individual or, as appropriate, the individual's representative and by a qualified vocational rehabilitation counselor employed by the designated State unit;

34 CFR 361.46 Content of the individualized plan for employment.

(a) *Mandatory components.* Regardless of the approach in §361.45(c)(1) that an eligible individual selects for purposes of developing the IPE, each IPE must include--

- (1) A description of the specific employment outcome, as defined in §361.5(b)(16), that is chosen by the eligible individual and is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice.

34 CFR 361.5 Applicable Definitions.

(b) *Other definitions.* The following definitions also apply to this part:

- (16) Employment outcome means, with respect to an individual, entering or retaining full-time or, if appropriate, part-time competitive employment, as defined in §361.5(b)(11), in the integrated labor market; supported employment; or any other type of employment, including self-employment, telecommuting, or business ownership, that is consistent with an individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

Finding 1: FDDBS is not in compliance with 34 CFR 361.45(b)(2) and 34 CFR 361.46(a)(1) because it is implementing a series of additional “plans” that do not have a description of a specific employment outcome. Additionally, FDDBS is not in compliance with 34 CFR 361.45(d)(7) because FDDBS is providing services to individuals prior to the individual signing the IPE amendment.

FDDBS places individuals who have not selected a specific vocational goal into a “Comprehensive Vocational Assessment plan.” The “plan” is reported as an IPE on the RSA-911 report, but it does not include the components of an IPE, including a specific employment outcome, as required under 34 CFR 361.45 and 34 CFR 361.46. The services provided under the “plan” include assessment activities such as work experiences, job shadowing, and career assessment to assist in the individual’s determination of a specific employment outcome. FDDBS indicated these “plans” are often implemented for individuals that are newly blind. These assessment activities are allowable services that FDDBS can provide while an individual is in eligibility status, and do not require the implementation of an IPE.

VR Counselors indicated that IPE amendments are not always signed by the individual on the signature date of the amended IPE. As such, some CRPs begin providing amended services prior to the signing of the plan by the VR Counselor and eligible individual, as required by 34 CFR 361.45(d)(7).

In addition to the “Comprehensive Vocational Assessment plan,” FDDBS implements several different “plans” to address services provided to transition-age youths, individuals requiring standard VR services, and individuals requiring SE services. The “Transition plan” is implemented for transition-age youths participating in services while they are enrolled in secondary education. This “plan” was developed in response to the state legislature’s request to report funds spent on transition-age youths. After exiting secondary education, the “Transition plan” is terminated, and a VR IPE is developed. The VR IPE is implemented for the agency’s general population, and after the termination of the “Transition plan.” The “SE plan” is implemented for individuals that require SE services. FDDBS’ CMS has a “Special Programs” section that will allow an IPE to reflect the various programs in which individuals participate, including transition and SE.

The current length of IPEs is excessive due to the identification and breakdown of individual skills typically included as parts of a service, instead of utilizing the generally accepted name of the overall service that encompasses multiple skills.

Corrective Actions: FDBS must:

- 1.1 cease the implementation of different kinds of “plans,” including the “Comprehensive Vocational Assessment plan,” “the Transition plan,” and “the SE plan,” and consider the use of the “Special Programs” section in the CMS to track program participation on the IPE;
- 1.2 submit a written assurance to RSA within ten days of the issuance of the final monitoring report to ensure that all IPEs and IPE amendments comply with 34 CFR 361.45(b)(2), 34 CFR 361.45(d)(7), and 34 CFR 361.46(a)(1);
- 1.3 ensure that IPEs and IPE amendments do not take effect until signed by the eligible individual and a qualified VR Counselor; and
- 1.4 ensure that the IPE developed meets all of the requirements in 34 CFR 361.45, including the specific services as opposed to skills associated with the service (e.g. service – Orientation and Mobility, instead of skills – long cane skills, low vision aid training, spatial and environmental concepts).

2. Economic Needs Test of SSI recipients and/or SSDI beneficiaries

Legal Requirement:

34 CFR 361.54 - Participation of individuals in cost of services based on financial need.

(b)(3) The designated State unit may not apply a financial needs test, or require the financial participation of the individual—

(ii) As a condition for furnishing any vocational rehabilitation service if the individual in need of the service has been determined eligible for Social Security benefits under Titles II or XVI of the Social Security Act.

Finding 2: FDBS is not in compliance with 34 CFR 361.54(b)(3)(ii) because it is administering a financial needs test to individuals who have been determined eligible for Social Security benefits.

Discussions with FDBS staff indicated that the agency applies a financial needs test to determine the level of maintenance funding provided to individuals, including those receiving post-secondary education services. These discussions also indicated that this test is being applied to VR consumers who are SSI recipients and/or SSDI beneficiaries.

Corrective Actions: RSA requires that FDBS:

- 2.1 submit a written assurance to RSA within ten days of the issuance of the final monitoring report, to ensure that the agency will not apply a financial needs test, or require the financial participation of the individual, as a condition for furnishing any VR service if the individual in need of the service has been determined eligible for Social Security benefits under Titles II or XVI of the Social Security Act, as required by 34 CFR 361.54(b)(3)(ii); and

- 2.2 take the necessary steps to ensure that it does not apply a financial needs test to VR consumers who are SSI recipients and/or SSDI beneficiaries individuals, including the practice of administering a financial needs test as a condition for providing maintenance.

Technical Assistance and Continuing Education

This section of the chapter describes the technical assistance (TA) provided by RSA to FDBS during the course of the review and the continuing education needs of the agency identified by its personnel and stakeholders. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix B of this report titled “FDBS Response.”

TA Provided

During the review of the VR and SE programs, RSA provided TA to FDBS regarding:

- the need to provide training to CRPs to ensure they do not initiate VR services prior to the individual’s and VR Counselor’s signatures on IPEs and IPE amendments;
- QA resources, including the National Clearinghouse of Rehabilitation Materials website and the Program Evaluation Summit;
- the development of one standard IPE that accounts for all the special programs including those utilized by transition-age youths and individuals requiring SE services;
- the utilization of a descriptive service on IPEs, as opposed to describing each individual skill as a separate service, in order to streamline IPEs;
- appropriate closure criteria of SE outcomes as defined by 60 days after the transition to extended services;
- CSPD requirements regarding the CRC D4 criteria as no longer applicable; and
- the synchronization of planning activities to integrate the CSNA, the strategic plan, and the State Plan as companion documents to guide the agency’s goals.

TA Requested

At the conclusion of the review process, FDBS requested TA that will enable it to carry out the recommendations below.

- FDBS requested TA regarding the identification of services on the IPE and will provide RSA samples on which to provide TA.

Continuing Education

During the course of the review, FDBS and stakeholder representatives indicated that their continuing education needs are currently being addressed through its in-service training grant and the Region IV Technical Assistance and Continuing Education (TACE) program.

CHAPTER 2: INDEPENDENT LIVING SERVICES PROGRAM FOR OLDER INDIVIDUALS WHO ARE BLIND

Program Systems

The following sections of this chapter describe the manner in which FDDBS administers and operates the OIB program, authorized pursuant to Title VII, Chapter 2, of the Act, through a variety of functions or systems, including service delivery, personnel, case and data management, QA and planning.

Program Administration and Service Delivery

FDDBS administers the OIB program via contracts with CRPs. In addition, FDDBS has 15 IL Specialists located in each district office throughout the state. These IL Specialists provide limited services, primarily eye-medical services, orientation and mobility services, and IL skills training.

Personnel

FDDBS has two FTEs administering the OIB program, including an OIB Project Manager who administers the OIB contracts and a Rehabilitation Technician based in Orlando who refers consumers to CRPs to receive services under the OIB contracts. FDDBS also utilizes the 15 part-time IL specialists to provide OIB services. In addition, CRP staff funded under OIB contracts with FDDBS provides services⁴.

Data Management

FDDBS's central CMS contains data from the OIB program. The agency contracts its OIB services to CRPs who submit OIB data to FDDBS via the agency's system as part of their monthly activity report. However, CRPs must maintain their own data management systems to capture the data they need to report because there is no interface between CRPs' systems and the FDDBS' system due to security issue.

Quality Assurance

CRPs submit quarterly reports to FDDBS pursuant to the contracts. The OIB Project Manager reviews consumer service records.

Planning

Joint planning is conducted primarily related to the development of the SPIL. FDDBS staff participates in the planning process along with the SILC, FDVR, and IL stakeholders.

⁴ Due to inaccuracies in reporting of FTEs on the 7-OB Report, the number of staff was not available.

OIB Program Performance

The following table provides data on FDBS' OIB program performance in key areas from FY 2008 through FY 2009.

Table 2.1
Florida OIB Program Highlights for FY 2008 and FY 2009

Expenditures, Performance, and FTEs	2008	2009
Title VII, chapter 2 expenditures	2,186,358	2,032,993
Total expenditures (including chapter 2)	7,077,887	6,953,032
Total served older individuals who are blind	2,737	2,580
Total FTEs	183.00	174.00
Total FTEs with disabilities	26.00	32.00

OIB Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that FDBS take specific steps to improve the agency's performance associated with each of the observations.

1. Case Management System

Observation: CRPs are required to enter the OIB consumer information into the FDBS CMS. As a result of this requirement, CRPs are making duplicative efforts to enter data in their own CMS as well as FDBS' CMS, which is labor intensive and has caused some CRPs to hire additional data entry staff.

Recommendation 1: RSA recommends that FDBS revise and update the system in order to address CRP data input for the OIB program.

2. Staff Utilization

Observation: FDBS uses both internal and external staff in the provision of IL services. FDBS considers its IL Program as one generic program that serves individuals of all ages and does not distinguish between IL Part B and OIB. FDBS designates 15 IL specialists in local areas to work part-time on the generic IL program with a total caseload of only 10-15 individuals. Fourteen of these specialists are paid with state general revenue funds and one with IL Part B funds. Consequently, FDBS dedicates significant staff and program resources to serve a limited number of individuals.

Recommendation 2: RSA recommends that FDBS:

- 2.1 evaluate the utility of the IL Specialist positions relative to their small caseloads to determine if these positions are cost effective;
- 2.2 delineate separate OIB and IL Part B programs within the generic IL program and identify staff and resources to provide services to eligible individuals within each program.

OIB Program Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that FDBS is required to undertake. FDBS must develop a Corrective Action Plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the Corrective Action Plan can be developed within 45 days from the issuance of this report and RSA is available to provide TA to assist FDBS to develop the plan and undertake the corrective actions. Regarding the findings below, RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds and Title VII, Chapter 2 OIB funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. Eligibility

Legal Requirement:

34 CFR 367.1 – This program supports projects that – (a) provide any of the independent living (IL) services to older individuals who are blind that are described in 34 CFR 367.5(b)

34 CFR 367.5(b) - *Older individual who is blind* means an individual age fifty-five or older whose severe visual impairment makes competitive employment extremely difficult to obtain but for whom IL goals are feasible.

Finding 1: FDBS is not in compliance with 34 CFR 367.1 because the agency provides OIB services to blind individuals of any age, not just individuals age 55 or older, as required by 34 CFR 367.5(b). FDBS considers its IL Program as a generic program that includes both OIB and IL Part B without making any age distinction for purposes of reporting individuals served by the OIB program and those served by the IL Part B program. FDBS contracts its OIB and Part B money to CRPs to provide services to individuals who are blind. Attachment A of the OIB contracts with CRPs includes provisions that the contractor will make the eligibility determination, but the contracts do not specify the age range of individuals to be served by the OIB program. In interviews with RSA, CRP staff indicated that they did not verify the age of individuals to determine eligibility for the OIB program.

Corrective Action 1: FDBS must:

- 1.1 cease providing OIB services to non-eligible individuals; and
- 1.2 take the steps necessary to ensure that in its OIB program, it provides services only to older individuals who are blind, as required by 34 CFR 367.1(a) and 34 CFR 367.5(b). Examples of activities FDBS could use to reach compliance include: revise CRP contracts to specify that individuals served in the OIB program must be 55 or older, and follow-up with CRP staff to ensure their understanding of the eligibility for the OIB program.

2. 7-OB Reporting of FTEs

Legal Requirement: 34 CFR 367.20(d) – At the end of each fiscal year, the DSA will prepare and submit to the Secretary a report, with respect to each project or program the DSA operates or

administers under this part, whether directly or through a grant or contract, that contains information that the Secretary determines necessary for the proper and efficient administration of this program.

Guidance from the 7-OB Report - OMB Number 1820-0608, May 31, 2011 expiration

Instructions: Part II A – Staffing Instructions

Base all FTE calculations upon a full-time 40-hour workweek or 2080 hours per year. Record all FTE assigned to the Title VII-Chapter 2 program irrespective of whether salary is paid with Title VII-Chapter 2 funds.

A. FULL-TIME EQUIVALENT (FTE) PROGRAM STAFF

- A1. Under the “Administrative & Support” column (A1a), enter the full-time equivalent (FTE) of all administrative and support staff (e.g. management, program directors, supervisors, readers, drivers for staff, etc.) assigned to the Title VII-Chapter 2 program from the State agency. (For example, if 20% or 8 hours per week of a staff person’s time were spent on administrative and support functions related to this program, the FTE for that staff person would be .2). Under the “Direct Services” column (A1b), enter the FTE of all direct service staff (e.g. rehabilitation teacher, IL specialist, orientation and mobility specialist, social worker, drivers for individuals receiving services, etc.) assigned to the Title VII-Chapter 2 program from the State agency. If administrative or support staff of the State agency also provide direct services, report the FTE devoted to direct services in the “Direct Services” column (A1b). (For example, if 80% of a staff person’s time were spent in providing direct services, the FTE for that person would be 8). Finally, add across the “Administrative & Support” FTE (A1a) and “Direct Service” FTE (A1b) to enter the total State agency FTE in the TOTAL (A1c) column.
- A2. Under the “Administrative & Support” column (A2a), enter the full-time equivalent (FTE) of all administrative and support staff (e.g. management, program directors, supervisors, readers, drivers for staff, etc.) assigned to the Title VII-Chapter 2 program from contractors or sub-grantees. Under the “Direct Services” column (A2b), enter the FTE of all direct service staff (e.g. rehabilitation teacher, IL specialist, orientation and mobility specialist, social worker, driver for individuals receiving services, etc.) assigned to the Title VII-Chapter 2 program from contractors and sub-grantees. If administrative staff of the contractors or sub-grantees also provides direct services, report the FTE devoted to direct services in the “Direct Services” column (A2b). Finally, add across the “Administrative & Support” FTE (A2a) and “Direct Service” FTE (A2b) to enter the total contractor or sub-grantee FTE in the TOTAL (A2c) column.
- A3. Add each column for A1 and A2 and record totals on line A3.

Finding 2: FDBS is not in compliance with 34 CFR 367.20(d) and the OIB-7 Report, related to the annual reporting of staff FTEs because FDBS staff and CRP staff work only part-time on the OIB program and their time is not accurately reported in the 7-OB Report. The 15 FDBS IL Specialists provide IL services. However, due to the generic nature of how FDBS operates its IL programs, there is no distinction between the OIB and the IL Part B programs. As a result, there are reporting

discrepancies in the 7-OB Report, e.g., the OIB Project Manager salary is paid in full from IL Part B funds.

The CRP staff work on the VR, Transition and OIB contracts. Interviews with CRP staff providing OIB services part-time indicated they report each individual as one FTE.

Corrective Action 2: FDBS must

- 2.1 cease submitting reports that are not an accurate representation of personnel time spent on the OIB program; and
- 2.2 take the necessary steps to track separately its personnel time and consumers to the IL Part B or OIB programs and report staff FTEs accurately in the annual 7-OB report in accordance with the instructions, Part IIA, in order to ensure the proper and efficient administration of the program, as required by 34 CFR 367.20(d).

Technical Assistance

This section of the chapter describes the technical assistance (TA) provided by RSA to FDBS during the course of the review. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix B of this report titled “FDBS Response.”

TA Provided

During the review of the OIB program, RSA provided TA to FDBS regarding:

- accurate reporting of data on the RSA 7-OB;
- delineation between the OIB and IL Part B Programs and the agency’s responsibility for separate tracking of each program; and
- training of CRP staff on OIB eligibility.

CHAPTER 3: FISCAL MANAGEMENT OF FDBS VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT AND THE INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND PROGRAMS

RSA reviewed FDBS's fiscal management of the VR, SE and OIB programs. During the review process, RSA provided TA to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices and financial management systems.

Fiscal Management

In its administration of the VR and OIB programs, FDBS receives fiscal support from FDOE, Bureau of the Comptroller. The comptroller's office reviews, processes and pays invoices, provides monthly internal fiscal reporting, monitoring the agency's match and MOE requirements, prepares and submits required federal fiscal reports, and provides fiscal information to FDBS management. FDBS has sufficient non-Federal funds to meet both its match and MOE requirements. FDBS' budget is appropriated by the Florida legislature in specific budget categories, such as salary and benefits, client services, and community contracts. FDOE has the authority to transfer funds between budget categories if no category is increased or decreased by more than five percent of the original approved budget, or \$250,000, whichever is greater. FDBS' Bureau of Operations and Compliance (BOC) is responsible for the development and monitoring of the FDBS budget and legislative appropriations, development and monitoring of office space leases, the FDBS motor pool, and contract compliance. BOC is responsible for legislative activities above and beyond budget activities, including the proposal and tracking of legislation and testifying before the legislature. FDBS initiated contract compliance activities in FY 2009, and the agency annually reviews two contracts per vendor. FDBS reviews the terms of the contract, contract staff credentials, services delivered, and any curriculum used. FDBS utilizes the RSA monitoring guide checklist as the basis for conducting the reviews and writing the reports. FDBS is developing the QA portion of the review process, as well as the corrective action plan process.

FDBS Fiscal Performance

The data in the following tables are taken from fiscal and program reports submitted by the state agencies to RSA, and speak to the overall effectiveness of the agency's fiscal management practices. Data related to the VR program matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The data pertaining to the VR program MOE requirement are derived from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which they are compared). Fiscal data related to VR program administration, total expenditures, and administrative cost percentage is taken from the RSA-2 report. OIB program fiscal data, including the sources and amount of funding, match and carryover, are extracted from the programs' SF-269 reports.

Vocational Rehabilitation Services - Fiscal Table

Table 3.1
Fiscal Data for FDBS for FY 2004 through FY 2008

Florida (B)					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	21,497,154	23,683,727	24,746,893	26,198,458	25,983,486
Federal Expenditures	21,497,154	23,683,727	24,746,893	26,198,458	25,983,486
Required Match	5,818,162	6,409,954	6,697,698	7,090,561	7,032,379
Actual Match	5,875,447	6,609,472	6,712,267	6,871,873	8,240,136
Over (Under) Match	57,285	199,518	14,569	(218,688)	1,207,757
Carryover at 9/30 (year one)	0	1,744,935	3,939,639	0	0
Program Income	827,197	98,407	258,346	1,171,452	1,212,094
Maintenance of Effort (MOE)	5,644,585	5,691,424	5,875,447	6,609,472	6,712,267
Administrative Costs	3,824,338	2,425,789	3,265,944	7,397,925	9,894,645
*Total Expenditures	27,017,733	28,637,111	31,624,898	36,375,868	38,861,161
Percent Admin Costs to Total Expenditures	14.2%	8.5%	10.3%	20.3%	25.5%

*Includes SE program expenditures

Independent Living Services for Older Individuals Who Are Blind Fiscal Table

Table 3.2
Fiscal Data for FDBS for FY 2004 through FY 2008

Florida B					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	2,141,230	2,240,888	2,217,064	2,231,398	2,186,358
Federal Expenditures	2,141,230	2,240,888	2,217,064	2,231,398	2,186,358
Required Match	237,914	248,988	246,340	247,933	242,929
Actual Match	3,249,858	557,540	3,199,669	4,095,635	2,300,776
Over (Under) Match	3,011,944	308,552	2,953,329	3,847,702	2,057,847

Fiscal Management Observations and Recommendations

As a result of its review activities, RSA identified the following performance observations related to the fiscal management of the programs under review and recommended that FDBS take specific steps to improve the agency's performance associated with each of the observations.

1. Fiscal Planning

Observation: During the on-site review, RSA staff met with FDBS and FDOE staff on February 22, 2010 to discuss FDBS' fiscal planning, given the economic situation in the State. During that meeting, RSA was told that the State Legislature had cut FDBS' budget by \$1.5 million during State FY 2008-2009. FDBS staff indicated that the State Legislature is considering further budget cuts that could affect the agency. In light of the recent budget cut and possible additional cuts, RSA asked FDBS and FDOE

staff to describe their fiscal planning for the VR, SE, IL part B, and OIB programs to ensure that the needs of each of the programs would be met. During that meeting, FDBS and FDOE staff told RSA that they do not conduct any long-range fiscal planning for the programs; instead, their planning efforts are for immediate purposes, such as preparing the state budget and monitoring expenditures using a cash management system. However, the staff assured RSA that FDBS was considering developing a long-range fiscal planning process for the programs. In an effort to provide TA while on-site, RSA discussed with FDBS and FDOE staff the importance of taking into account the following when developing the long-range fiscal planning process for the agency:

- resources needed to achieve State Plan and strategic plan goals;
- I&E activities planned by the agency;
- projected or potential federal and state financial resources and funding reductions;
- staffing plans;
- the number of consumers projected to be served each fiscal year;
- the cost of serving these consumers; and
- the projected cost and financial impact of prior year commitments for IPEs on the resources available in the current fiscal year and future funding periods;

RSA encouraged the FDBS and FDOE staff to develop a structured process for the development and implementation of a long-range fiscal plan to ensure the needs of the programs would be met despite challenging economic times. Such a plan should be updated periodically to reflect necessary changes. In this manner, the long-range fiscal plan could become a valuable program management tool for improving program efficiency and effectiveness, and improving employment outcomes for individuals with disabilities.

Recommendation 1: RSA recommends that FDBS develop and implement a multi-year fiscal planning process that, at a minimum, projects:

- anticipated financial resources (Federal and non-Federal);
- the utilization of available resources, documents the need for additional resources and identifies surplus resources;
- administrative (including indirect) expenses;
- staff salaries, fringe benefits and overhead costs;
- I&E activities and expenditures;
- State Plan goals and strategies; and
- service delivery expenditures.

2. Contract Origination, Review and Quality Assurance

Observation: On February 22, 2010, RSA staff met with FDBS' Bureau of Operations and Compliance (BOC) staff to discuss FDBS BOC's system for contract origination, contract review, and compliance reviews. As described by FDBS BOC staff, each of the components -- contract origination, contract review, and compliance review -- is conducted by different units, each responsible for one of the components, independently of each other. FDBS BOC initiated this methodology in the last half of SFY 2008, and completed its first full year of reviews in SFY 2009.

While this methodology for reviews results in a thorough system of checks and balances in the contract review, compliance and QA processes, there is no formal communication between the units about the

outcomes of the review for each component. As a result of this lack of cross-unit communication, there could be confusion between the units as to their responsibilities, the standards for contract review, the development of QA plans, and the methods on how compliance findings and corrective action plans are communicated, reviewed and monitored. FDBS staff told RSA, while on-site, that FDBS BOC plans to develop and implement cross-unit communication for these contract and compliance reviews.

Recommendation 2: RSA recommends that FDBS continue with its plans to develop and implement a communication plan between the units involved in the contracting processes. This plan should include:

- the roles and responsibility of each unit;
- the mechanism to share information and results; and
- the methods to implement the communication plan.

3. Case Service Expenditures Quality Assurance Review

Observation: On February 25, 2010, RSA staff met with FDOE staff regarding the system of checks and balances that FDBS has established to review and approve case services expenditures. During that meeting and RSA's review of the system implemented to review case services expenditures, RSA learned that FDBS case services expenditures are reviewed and approved as below.

- The counselor initiates obligations to provide services or to purchase goods.
- VR counselor or IL specialist reviews the invoices to be sure that: 1) the services have been provided or the goods received; 2) the services met the consumer's needs and were included in the consumer's IPE as necessary; and 3) the invoice and originating obligation match each other.
- The office supervisor reviews and approves the invoice, and then sends the invoice to the FDOE comptrollers' office for review and payment.

While FDBS' procedures for review and payment of invoices for case services expenditures are comprehensive, FDBS does not include a review of these processes in its QA case reviews, according to FDBS staff. Inclusion of these processes in the QA case reviews would ensure that case service expenditures are reviewed on a regular basis to determine whether field staff are correctly implementing these processes.

Recommendation 3: RSA recommends that FDBS develop as part of its QA system a review of the invoicing process. This review should include a review of FDBS' obligation and liquidation processes to assure compliance with its policies and procedures.

Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that FDBS is required to undertake. FDBS must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and RSA is available to provide TA to assist FDBS to develop the plan and undertake the corrective actions. Regarding the findings below, RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds and Title VII, Chapter 2 OIB funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. Assigning Personnel Costs – VR Program

Legal Requirements:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20(a) states:

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

2 CFR part 225, Appendix B (formerly known as OMB Circular A-87, Attachment B), in pertinent part, states:

- 8.h.4 Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one federal award; and (b) A federal award and a non-federal award.
- 8.h.5 Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be signed by the employee; and (d) budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes.

Finding 1: FDBS is not in compliance with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5, because FDBS time distribution methods for charging personnel costs to the VR program for FDBS staff performing duties benefiting more than one federal grant program do not meet the federal regulatory requirements.

While on-site, RSA staff met with the FDBS BOC staff on February 24, 2010, to discuss FDBS' methodology for assigning personnel costs for those staff who work on more than one Federal program, including the 17 staff employed in the BOC. As discussed in Observation 2 above, the 17 employees of the FDBS BOC split their time reviewing contracts and compliance matters for all programs administered by FDBS. For these 17 employees, as well as the other FDBS employees who split their time on more than one program, FDBS assigns personnel costs based on a cost allocation plan that is

more than 10 years old. That plan uses a formula of 70 percent charged to VR, 20 percent charged to IL, and 10 percent charged to other programs. The 17 individuals reviewed do not submit personnel activity reports (PARs), as required by 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5, to support the time distribution charged to the various programs (e.g., 70 percent VR, 20 percent IL, and 10 percent other). Furthermore, staff were not able to produce supporting work papers to justify this time distribution. When RSA questioned FDBS further about this issue, while on-site, RSA was told that FDOE has contracted for the development of a new cost allocation methodology to be used department-wide that includes FDBS staff. FDOE staff said the agency would submit the revised cost allocation plan to the U.S. Department of Education, the Federal cognizant agency for FDBS, for approval when the process is complete.

Regulations at 34 CFR 361.3 require that VR funds must be used solely for the provision of VR services or for the administration of the VR program. To constitute an administrative cost under the VR program, the expenditure must be incurred in the performance of administrative functions of the VR program (34 CFR 361.5(b)(2)). Administrative salaries, including those for clerical and other support staff who work under the VR program, constitute a VR-related administrative cost (34 CFR 361.5(b)(2)(xi)). Personnel costs do not constitute VR administrative costs because they do not arise from the performance of administrative functions for the VR program. Therefore, administrative expenditures for other programs are not allowable under the VR program, pursuant to 34 CFR 361.3, and may not be paid for with VR funds. Given that FDBS does not require its employees who work on multiple programs to submit PARs to document their time for each program and, instead, relies on an old cost allocation formula without any evidence that the time distribution is accurate, FDBS has failed to comply with 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5. As a result, FDBS cannot ensure that the VR program is only paying for the personnel costs arising under the VR program, as required by 34 CFR 361.3. Therefore, FDBS has failed to ensure that it administers the VR program in a proper and efficient manner and accounts for all funds accurately, as required by 34 CFR 361.12 and 34 CFR 80.20(a).

Corrective Action 1: FDBS must:

- 1.1 cease using Title I VR funds for personnel costs that are incurred in the administration of other programs, such as the IL and OIB programs;
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5;
- 1.3 submit a plan, including timelines, describing the corrective actions that will be taken, as required by 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5, to ensure:
 - a) personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and
 - b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by FDBS pursuant to Federal program requirements; and
- 1.4 submit a revised cost allocation plan, regarding the proportion of time that will be charged to each program for those staff working on multiple programs, as appropriate, to the U.S. Department of Education for approval.

2. Failure to Maintain Written Policies Governing Payment of VR Services

Legal Requirements:

34 CFR 361.50(c)(1) states:

(c) Payment for services.

(1) The State unit must establish and maintain written policies to govern the rates of payment for all purchased vocational rehabilitation services.

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

2 CFR part 225, Appendix A (formerly known as OMB Circular A-87, Attachment A), section C, in pertinent part, states:

C.1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular.

C.3. Allocable costs.

- a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

Finding 2: FDDBS is not in compliance with 34 CFR 361.50(c)(1), 34 CFR 361.12, and 2 CFR part 225 Appendix A, paragraph C because it has not established and maintained written policies governing the rates of payment for all purchased VR services. According to the RSA-2s, submitted by FDDBS for FYs 2005–2008, FDDBS spent between 43.9 percent and 50 percent of its total VR program expenditures on purchased services provided by public and private CRPs, and other public and private vendors.

While on-site, RSA staff met with FDDBS executive management staff to discuss FDDBS' lack of written policies governing the payment of purchased VR services. Not disputing the lack of written policies, FDDBS management staff described the factors and methodology FDDBS utilizes in determining fees. In particular, FDDBS:

- reviews the CRP's history regarding deliverables and the prior number of individuals served;
- is informed by the CRPs regarding the amount to be charged per consumer served and an estimate of the number of consumers to be served;
- and the CRPs agree upon total amount for the contract, which is typically paid in monthly installments; and
- must comply with a state requirement that prohibits it from paying more than market value for the purchased services, as determined by the state.

While the practice of using these factors to establish fees for purchased VR services indicates that FDBS has a process for determining fees for purchased VR services, FDBS has not established and maintained this procedure in written policy, as required by 34 CFR 361.50(c). FDBS management staff informed RSA, while on-site, that it has recently begun a market analysis with a consulting group to analyze costs the agency pays to CRPs, via contracts, for the provision of VR services to FDBS consumers. In particular, this market analysis is expected to: 1) determine the average cost for CRPs to serve FDBS consumers per service type, and 2) establish more structured cost bases for each service. With this updated information, FDBS anticipates it will revise future contracts in terms of amounts paid for purchased VR services.

Federal regulations require FDBS to establish procedures that enable it to administer the VR program in an efficient manner that ensures it can carry out all functions properly (34 CFR 361.12). FDBS also must establish and maintain written policies that govern the rates of payment for all purchased VR services (34 CFR 361.50(c)(1)). The Federal cost principles require that allowable costs be necessary and reasonable for proper and efficient program performance and administration, as well as be allocable to the program (2 CFR part 225, Appendix A, paragraph C.1). To be allocable to a program, the cost must be relative to the benefit received (*Id.* at paragraph C.3.). FDBS has failed to comply with 34 CFR 361.12 and 34 CFR 361.50(c)(1) by not having a written policy in place for determining rates of payments for purchased VR services. FDBS, therefore, has failed to comply with the requirements set forth at 34 CFR 361.12, 34 CFR 361.50(c)(1), and the cost principles set forth in OMB Circular A-87.

Corrective Action: FDBS must:

- 2.1 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report that FDBS will develop written policies governing the payment of purchased VR services, as required by 34 CFR 361.50(c)(1), and that these policies will comply with 34 CFR 361.12 and 2 CFR part 225, Appendix A, paragraph C; and
- 2.2 continue to work with the consulting group to formalize the fee development process and revise the CRP contracts;
- 2.3 establish and maintain written policies to govern the rates of payment for all purchased VR services, as required by 34 CFR 361.50(c)(1); and
- 2.4 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

3. Match Deficit

Legal Requirements:

34 CFR 361.60, in pertinent part, states:

- (a) Federal share—(1) General. Except as provided in paragraph (a)(2) of this section, the Federal share for *expenditures* made by the State unit under the state plan, including expenditures for the provision of vocational rehabilitation services, administration of the state plan, and the development and implementation of the strategic plan, is 78.7 percent. (emphasis added)

(b) Non-Federal share—(1) General. Except as provided in paragraphs (b)(2) and (b)(3) of this section, *expenditures* made under the State plan to meet the non-Federal share under this section must be consistent with the provisions of 34 CFR 80.24. (emphasis added)

34 CFR 80.24(a)(1) states:

(a) With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

(1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-federal grants or by others cash donations from non-federal third parties.

Finding 3: FDBS is not in compliance with 34 CFR 361.60 and 34 CFR 80.24(a) because it did not meet its match requirement in FY 2007. According to FDBS' final FY 2007 SF-269 report, as well as the GAPS/G5 federal payment systems, for period ending March, 31, 2009, FDBS expended its full FY 2007 Federal VR grant award of \$26,198,458. To comply with 34 CFR 361.60(b)(1) and 34 CFR 80.24(a), FDBS should have incurred \$7,090,561 in non-Federal expenditures; however, FDBS incurred only \$6,871,873 in non-Federal expenditures by September 30, 2007, with \$0 included as recipient's share of unliquidated obligations. This means that FDBS failed to meet its match requirement under the VR program by \$218,688.

Federal regulations at 34 CFR 361.60 require that FDBS provide a match of 21.3 percent in non-Federal expenditures of the total expenditures incurred under the VR State Plan (see also 34 CFR 80.24(a)). The final SF-269 report submitted by FDBS for FY 2007, as described above, revealed that FDBS failed to obligate the requisite amount of non-Federal funds for match purposes needed for the full amount of Federal VR funds drawn down during that fiscal year. Therefore, FDBS failed to comply with 34 CFR 361.60(b)(1) and 34 CFR 80.24(a).

Corrective Action 3: FDBS must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will provide the requisite amount of non-Federal expenditures to satisfy its match requirement under the VR program, as set forth at 34 CFR 361.60 and 34 CFR 80.24(a); and
- 3.2 revise the 4th quarter and final SF-269 reports submitted for FY 2007, if necessary, to reflect an accurate accounting of the State's non-Federal share under the VR program.

4. Unallowable OIB program costs

Legal Requirements:

Section 751 of the Rehabilitation Act of 1973, as amended (Rehabilitation Act) states that: For purposes of this chapter, the term "older individual who is blind" means an individual age 55 or older whose significant visual impairment makes competitive employment extremely difficult to attain but for whom independent living goals are feasible.

Section 752(d)(1) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act) states that:

The Commissioner may not make a grant under subsection (a) unless the State involved agrees that the grant will be expended only for purposes of-- providing independent living services to older individuals who are blind;

34 CFR 367.5 What definitions apply?

In addition to the definitions in 34 CFR 364.4, the following definitions also apply to this part:

Older individual who is blind means an individual age fifty-five or older whose severe visual impairment makes competitive employment extremely difficult to obtain but for whom IL goals are feasible.

34 CFR 80.20(a) states:

(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State... must be sufficient to:

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

2 CFR 225, Appendix A (formerly known as OMB Circular A-87, Attachment A), in pertinent part, states:

C.1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular...

Finding 4: FDDBS is not in compliance with sections 751 and 752(d)(1) of the Rehabilitation Act, 34 CFR 367.5, 34 CFR 80.20(a), and the Federal cost principles contained in 2 CFR 225, Appendix A, because it uses OIB program funds to pay for services to individuals who are not eligible for the OIB program.

FDDBS contracts with CRPs to provide IL services, including OIB services. While the contracts are classified as generic IL contracts, without specifying whether they are specific to the IL Part B program or the OIB program, the funding source of the contract is Title VII, Chapter 2 OIB funds. FDDBS noted a lack of resources for individuals who are blind and under the age of 55 and who do not wish to pursue employment, and the agency has attempted to provide services to these individuals through the OIB program even though these individuals do not meet the eligibility criteria for this program.

The contract language specifies that IL services are to be provided to individuals of all ages who are blind or visually impaired. However, since these contracts are funded with OIB program funds, only those individuals who are 55 or older and blind or visually-impaired can be served under the contract with OIB funds.

Although the funding for the OIB program represents the greatest share of FDDBS' IL funding, the practice of allocating costs of services provided to individuals under 55 to the OIB program, because of limited funding in the IL Part B program, is also not in accordance with the cost principles outlined in 2 CFR 225, Appendix A.

Corrective Action: FDDBS must:

- 4.1 cease using OIB program funds to pay for expenditures incurred by FDDBS for individuals not eligible for the OIB program; and
- 4.2 submit a written assurance to RSA within ten days of the issuance of the final monitoring report that expenditures for the OIB program will comply with sections 751 and 752(d)(1) of the Act, 34 CFR 367.5, 34 CFR 80.20(a), and the Federal cost principles contained in 2 CFR 225.

5. Federal Reporting

Legal Requirements: 34 CFR 80.20(b)(1) states that “Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or sub grant.”

Finding 5: FDDBS is not in compliance with 34 CFR 80.20(b)(1) because it did not accurately report the following SF-269 data:

- For FDDBS’ FY 2008 VR award, the 4th quarter SF-269 report (period ending 9/30/08) does not indicate any transfers of VR program income to the OIB program; however, the final FY 2008 VR SF-269 report indicates that \$1,212,093 was transferred to the OIB program. A review of both the 4th quarter and final FY 2008 OIB SF-269s reveals that program income transfers were not identified in any sections of the report.
- For FDDBS’ FY 2007 VR award, \$756,896 in program income was transferred from the VR program to the OIB program, according to the 4th quarter FY 2007 VR SF-269 report (period ending 9/30/07). Additionally, the final FY 2007 VR SF-269 report indicates that \$1,171,452 was transferred to the OIB program. A review of both the 4th quarter and final FY 2007 OIB SF-269s reveals that program income transfers were not identified in any sections of the report.

Corrective Action 5: FDDBS must

- 5.1 cease submitting reports to RSA that do not include all sources of funding as required; and
- 5.2 correct the 2007 and 2008 reports to reflect the expenditure of program income in the IL program. FDDBS must ensure that starting with 2009 all SF-269/425 reports are completed in accordance with financial reporting requirements.

Technical Assistance

This section of the chapter describes the technical assistance (TA) provided by RSA to FDDBS during the course of the review. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix B of this report titled “FDDBS Response.”

TA Provided

To enable the agency to improve its fiscal management processes, RSA provided TA to FDDBS during the review process regarding:

- RSA’s assessment of the agency’s compliance with specific financial requirements, including match, MOE, carryover, program income, liquidation of outstanding obligations and grant closeout;

- strategic fiscal and program planning to efficiently and effectively expend federal and matching funds for the VR program;
- the completion of federally required SF-269 and RSA-2 financial and statistical reports;
- 2 CFR part 225 time distribution documentation requirements applicable to staff working on more than one program (federal and/or state);
- 2 CFR part 225 semi-annual certification requirement applicable to staff charging 100 percent of their time to one federal grant program;
- the connection to the I&E expenditures reported on the SF-269 report and the State Plan attachment describing I&E activities, and funds used for this purpose;
- the development of alternatives to cost reimbursement payment systems for service contracts; and
- the development of the SRC budget.

CHAPTER 4: PROGRESS TOWARD REDRESSING FINDINGS FROM PRIOR RSA REVIEWS

As a result of the RSA review of FDBS conducted in FY 2004, the state agency implemented a Corrective Action Plan. A summary of the progress that FDBS has made on the CAP appears below.

Corrective Action Plan

Through the implementation and completion of the CAP, FDBS successfully resolved compliance findings in the programmatic and fiscal areas identified below.

1. Significance of Disability

Required Action: FDBS must submit a Corrective Action Plan to ensure that the level of significance of disability is accurately determined on the basis of criteria established by FDBS. The plan should include the specific steps and timelines to correct the deficiency and the criteria by which FDBS will evaluate that it corrected the deficiency.

Response: To ensure that the level of significance of disability is accurately determined on the basis of criteria established by FDBS, FDBS will redefine the Significance of Disability definition and adopt a Significance of Disability Tool such that the selection of Significance of Disability can be easily determined. Moreover, FDBS will provide ongoing in-service training at the local level on the Significance of Disability definition/criteria beginning January 06 through January 07. In addition, quarterly case reviews will be administered at the state level as well as case observations at the local level as a QA measure beginning the second quarter of FY 2006 (Jan, Feb, March) and on-going. To date, the target performance level for the Significance of Disability criteria is 75 percent. This target performance level will increase by 15 percent in October 2007.

2. Assessment to Determine VR needs

Required Action: FDBS must submit a Corrective Action Plan to ensure that it complies with the federal requirement in 34 CFR 361.45(b)(1). The plan should include the specific steps and timelines to correct the deficiency and the criteria by which FDBS will evaluate that it has corrected the deficiency.

Response: To ensure that FDBS is in compliance with the federal requirement in 34 CFR 361.45(b)(1), FDBS has expanded the assessment tool for determining the individual's VR needs by adding additional information that is specific to the individual's impediment and service needs. Moreover, in-service training on assessments will be provided at the state and local level while follow-up will be administered via quarterly case reviews and ongoing case observations at the state and local level beginning the second quarter of the FY 2006 (Jan, Feb, March).

PART III: REVIEW OF THE FLORIDA INDEPENDENT LIVING PROGRAM EXECUTIVE SUMMARY

Florida Administration of the IL Program

During FY 2010, RSA reviewed the performance of the IL program, authorized under Title VII, Part B, of the Act, in FL.

FDVR and FDBS jointly administer the IL Part B program.

Observations of the Agency and Stakeholders

Through the course of the review, agency personnel and representatives of stakeholders, such as the SILC, shared information concerning the administration and performance of the IL program. During the review, they made the observations below.

- Centers for Independent Living (CILs) indicated that FDVR combined all funding sources into one contract with each CIL, including IL Part B funds, program income and general revenue funds for more efficient administration.
- FDVR's IL Program Manager has provided TA to facilitate the working relationship among IL partners.

Strengths and Challenges

Based on the observations from the agencies and the stakeholders and other information gathered through the review process, RSA concluded that the agencies and the SILC exhibited a variety of strengths that enhanced, and experienced a number of challenges that inhibited their ability to improve, the performance of the IL program.

Strengths

IL Partnerships: FDVR and FDBS have productive partnerships with the SILC, CILs, and IL stakeholders to improve the quality of IL services provided to consumers.

Challenges

SILC Activities: The SILC conducts activities with federal funds that are outside the scope of its mandated SILC duties.

SILC Term Limits: Some SILC members have served more than the maximum term limit. In instances when the SILC could not identify replacements representing specific demographics or geographic areas, current members were re-appointed by the Governor.

Monitoring IL Part B Funds: FDVR funds the CILs via contracts to provide IL Part B services but does not have a systematic monitoring process to ensure accountability of the IL Part B funds. FDVR and FDBS have a MOA with the SILC for its duties under the resource plan but they do not have a mechanism in place to monitor the funds under the agreement.

Acknowledgement

RSA wishes to express appreciation to the representatives of the FDBS and FDVR, the SILC and the stakeholders who assisted the RSA monitoring team in the reviews of FDBS and FDVR.

CHAPTER 1: INDEPENDENT LIVING (IL) PROGRAM

IL Program Systems

The following sections of this chapter describe the manner in which FDVR and FDBS administer and operate the IL program, authorized pursuant to Title VII, Part B, of the *Act*, through a variety of functions or systems, including service delivery, personnel, case and data management, QA and planning.

Program Administration and Service Delivery

The IL Part B program is jointly administered by FDBS and FDVR. In FY 2008, FL received \$986,096 in IL Part B funds. The state appropriated \$1,614,338 that is administered by FDVR and FDBS. In addition, FDVR transferred \$4,736,616, and FDBS transferred \$1,212,093, in Social Security reimbursement program income from the Title I VR program to the IL Part B program. FDBS uses a portion of its share of IL Part B funds to provide support to the SILC. FDVR utilizes a majority of its share to provide IL services through contracts with a network of CILs across the state.

The SILC is the non-profit entity established to conduct IL activities on behalf of the appointed members. The SILC provides nominations, and the Governor appoints SILC members to serve three-year terms. FDVR and FDBS have a MOA with the SILC to provide approximately \$400,000 in Title I Innovation and Expansion and IL Part B funds for activities under the resource plan.

Personnel

FDVR has 2.5 FTEs who administer the IL Part B Program, including an IL Program Manager, a Contracts Manager, and a part-time Administrative Assistant.

FDBS considers its IL program as a generic IL program that includes both IL Part B and OIB. As a result, there is no accurate information available on staff designations for the IL Part B program. In addition, FDBS funds contracts with CRPs to provide IL services to individuals of all ages without making a distinction between the IL Part B and OIB programs. Therefore, there is no accurate information available about the number of CRP staff providing IL Part B services.

The SILC employs 2.5 FTEs, including an Executive Director, a Fiscal/Office Manager and a part-time IL Specialist.

Data Management

Each CIL providing IL Part B services maintains its own database and submits reports to FDVR.

Quality Assurance

The FDVR IL Program Manager and the Contracts Manager manage FDVR IL Part B contracts with CIL service providers. The CILs submit monthly reports to the IL Program Manager for review along with invoices. The reports include consumer demographics, service type, and budget and expenditure

information. The FDVR IL Program Manager conducts periodic on-site visits of CILs and conducts consumer service record reviews to monitor CIL performance. FDVR is developing a review protocol instrument using the RSA CIL on-site review guide as a model. In addition to this monitoring, the BCO conducts CIL monitoring in accordance with its risk analysis plan.

Planning

FDVR, FDBS and the SILC collaborate to conduct public hearings and solicit input on the development of the SPIL.

IL Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that FDVR and FDBS take specific steps to improve the agency's performance associated with each of the observations.

1. Accountability of IL Part B, Title I Program Income, and I&E Funds

Observation: FDVR has 16 contracts with the network of CILs for the provision of IL services, totaling approximately \$1 million in IL Part B funds and program income funds totaling \$4.7 million in FY 2008 plus state general revenue funds. In addition to the IL Part B service contracts, FDVR, FDBS, and the SILC have a MOA specifying the responsibilities of each entity. The MOA includes the SILC budget related to its duties to be performed under the SILC resource plan using IL Part B funds from FDBS and Title I I&E funds from FDVR, totaling approximately \$400,000. However, FDBS and FDVR do not conduct monitoring of the expenditure of funds under the agreement. As a result of the limited monitoring of funds under the CIL service contracts and the lack of monitoring of the funds provided to the SILC for the resource plan, FDVR and FDBS cannot ensure the accountability of the IL Part B, program income and Title I I&E funds.

- According to the FDVR IL Program Manager, the CILs submit monthly reports and invoices to FDVR for review, including information related to consumer demographics, service type, budget and expenditures. In addition to the desk reviews of this information, the IL Program Manager conducts periodic on-site visits of a limited number of CILs annually to review consumer service records to monitor CIL performance. FDVR previously conducted an on-site review of each CIL on a biennial basis. However, the IL Program Specialist indicated that CILs are not currently being reviewed according to the schedule but rather on a less frequent basis. In FY 2009, there was an on-site review of only three CILs. The IL Program Manager is in the process of revamping the monitoring protocol, including revising the on-site review instrument.
- In addition to the monitoring of CILs by the IL Program Specialist, the BCO also conducts reviews/audits of some CILs under its risk analysis plan.
- FDBS and FDVR do not monitor the expenditures of IL Part B and Title I I&E funds under the MOA with the SILC beyond the limited review of invoices by the Contract Manager.

Recommendation: RSA recommends that FDVR and FDBS:

- 1.1 develop and implement a standard protocol and schedule to monitor all CIL contracts to ensure accountability for the IL Part B funds and program income funds; and
- 1.2 develop and implement a mechanism to monitor the expenditure of IL Part B and Title I I&E funds under the MOA with the SILC.

IL Program Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that FDVR, FDBS, and the SILC are required to undertake. FDVR, FDBS, and the SILC must develop a Corrective Action Plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the Corrective Action Plan can be developed within 45 days from the issuance of this report and RSA is available to provide TA to assist FDVR, FDBS, and the SILC to develop the plan and undertake the corrective actions. Regarding the findings below, RSA reserves the right to pursue enforcement action, including the recovery of Title VII, IL Part B funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. SILC Duties

Legal Requirement

34 CFR 364.21(g) - Duties. The SILC shall—

- (1) Jointly develop and sign (in conjunction with the DSU) the State plan required by section Sec. 364.20;
- (2) Monitor, review, and evaluate the implementation of the State plan;
- (3) Coordinate activities with the State Rehabilitation Advisory Council established under section 105 of the Act and councils that address the needs of specific disability populations and issues under other Federal law;
- (4) Ensure that all regularly scheduled meetings of the SILC are open to the public and sufficient advance notice is provided; and
- (5) Submit to the Secretary all periodic reports as the Secretary may reasonably request and keep all records, and afford access to all records, as the Secretary finds necessary to verify the periodic reports.

OMB Circular A-122, Attachment B, Item 25 Lobbying

Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

- a. (1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;
- (2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;

- (3) Any attempt to influence: (i) The introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto enrolled legislation;
- (4) Any attempt to influence: (i) The introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign; or
- (5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

b. The following activities are excepted from the coverage of subparagraph a:

- (1) Providing a technical and factual presentation of information on a topic directly related to the performance of a grant, contract or other agreement through hearing testimony, statements or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or subdivision, or a cognizant staff member thereof; provided such information is readily obtainable and can be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing.
- (2) Any lobbying made unallowable by subparagraph a(3) to influence State legislation in order to directly reduce the cost, or to avoid material impairment of the organization's authority to perform the grant, contract, or other agreement.
- (3) Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

- c.
- (1) When an organization seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal, and thereafter treated as other unallowable activity costs in accordance with the procedures of subparagraph B.3 of Attachment A.
 - (2) Organizations shall submit, as part of the annual indirect cost rate proposal, a certification that the requirements and standards of this paragraph have been complied with.
 - (3) Organizations shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to paragraph 25 complies with the requirements of this Circular.
 - (4) Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this paragraph during any particular calendar month when: (1) the employee

engages in lobbying (as defined in subparagraphs (a) and (b)) 25 percent or less of the employee's compensated hours of employment during that calendar month, and (2) within the preceding five-year period, the organization has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) are met, organizations are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

(5) Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of paragraph 25. Any such advance resolution shall be binding in any subsequent settlements, audits or investigations with respect to that grant or contract for purposes of interpretation of this Circular; provided, however, that this shall not be construed to prevent a contractor or grantee from contesting the lawfulness of such a determination.

d. Executive lobbying costs. Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the Executive Branch of the Federal Government to give consideration or to act regarding a sponsored agreement or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Federal employee or officer to give consideration or to act regarding a federally sponsored agreement or regulatory matter on any basis other than the merits of the matter.

Finding 1: The SILC is not in compliance with 34 CFR 364.21 and OMB Circular A-122 because it is using its federal funds to conduct activities that are not related to its mandated duties, specifically conducting legislative advocacy activities and providing information and referral services.

- The SILC's legislative activities included: writing letters of support to state and federal policy makers on specific legislation and developing a legislative platform document that is distributed to state legislators, but not in response to a specific request from those legislators. The position description of the executive director specifies that the position handles legislative issues for the council and educates legislators about the IL Council and CILs. In interviews during the on-site review, the Executive Director indicated that she met with legislators and their staff on issues impacting Floridians with disabilities and the IL community. The SILC could not show that these activities were within the limited lobbying exemptions of OMB circular A-122 or that they were conducted with non-federal funds.
- The position description of the IL Specialist specifies that the position will provide information and referral to consumers. During the on-site review, the IL Specialist indicated that she makes referrals primarily to CILs but also to other providers, including accessible housing referrals. The SILC cannot be in the business of providing IL services. It is not a service provider. While responses to infrequent requests for information or referral may be permissible, making it a part of the IL Specialist's position description and engaging in it on a frequent basis is not consistent with the SILC's statutory duties.

Technical Assistance: In accordance with RSA's January 23, 2008 guidance on SILC roles and responsibilities, there are many ways in which the SILC may engage in advocacy in the normal course of fulfilling its statutory duties. Federal law and regulations do not preclude the SILC from using its

Federal funds to engage in some forms of advocacy that flow directly from the SILC's fulfillment of its statutory duties.

In accordance with 705(c)(1) and (4), for example, the SILC listens to and advocates for individuals with significant disabilities in the process of developing the SPIL in conjunction with the DSU. Through this process, the SILC identifies the individual and systems needs of individuals with significant disabilities and ensures that those needs are adequately addressed in the goals and objectives of the approved SPIL.

In accordance with 705(c)(2), the SILC monitors the SPIL and ensures that the SPIL strategies being implemented are effectively addressing the individual and systems needs of individuals with significant disabilities. Based on its evaluation of the SPIL, the SILC may recommend or advocate for new approaches in the next SPIL or SPIL amendments to better serve the needs of individuals with significant disabilities.

The SILC may also be able to support the CILs' systems advocacy activities through exercising its statutory duties. For example, the SILC may be able to work with a public transportation agency to address CIL-identified transportation needs of individuals with significant disabilities.

The SILC also advocates for IL on a year-round basis through its interaction with a variety of disability-related councils, commissions and organizations at the state, local and federal levels, in accordance with 705(c)(3). Such interaction enables the SILC to promote a better understanding of the IL philosophy; encourage new collaborative initiatives in support of the SPIL goals and objectives; and influence the state's disability policies and practices in this way. It is important to note, however, that although the SILC may interact with the State and Federal legislatures by, for example, being invited by a state legislative committee to provide testimony on an IL-related issue or proposal, the Federal government identifies certain interactions as lobbying, and while lobbying may be a form of advocacy, all IL grantees and subgrantees are prohibited from using federal funds to engage in lobbying.

Whether a particular SILC advocacy activity results from the fulfillment of its duties in section 705 depends on the scope and nature of the SILC's involvement in the activity in question.

Corrective Action 1: The SILC must:

- 1.1 cease any activities funded with federal funds that are not consistent with OMB Circular 122's prohibition on lobbying or the SILC's statutory duties; and
- 1.2 take the necessary steps to ensure that it will comply with 34 CFR 364.21 to perform their duties consistent with the federal requirements.

2. SILC Member Term Limits

Legal Requirement

34 CFR 364.21(f) - Terms of appointment. Each member of the SILC shall serve for a term of three years, except that—

- (1) A member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed must be appointed for the remainder of that term;

- (2) The terms of service of the members initially appointed must be (as specified by the appointing authority) for the fewer number of years as will provide for the expiration of terms on a staggered basis;

Finding 2: The SILC is not in compliance with 34 CFR 364.21(f) because some of the SILC members have served more than two consecutive three-year terms. According to the June, 2010 SILC roster, one member has served on the SILC since May, 2000 and another has served since January, 2004. SILC staff confirmed that the information in the roster was current.

Corrective Action 2: The SILC must:

- 2.1 cease permitting members to serve more than two consecutive terms. The positions filled by any members serving more than two consecutive terms are considered vacant; and
- 2.2 take the necessary steps to ensure that SILC members meet the term-limit requirements and not serve beyond the consecutive two-term limit, as specified in 34 CFR 364.21(f).

3. 704 Part I Reporting of FTEs and Consumer Demographics

Legal Requirements:

§ 364.35 What records must be maintained?

In addition to complying with applicable EDGAR recordkeeping requirements, the State plan must include satisfactory assurances that all recipients of financial assistance under parts B and C of chapter 1 of title VII of the Act will maintain—

(a) Records that fully disclose and document—

- (1) The amount and disposition by the recipient of that financial assistance;
- (2) The total cost of the project or undertaking in connection with which the financial assistance is given or used;
- (3) The amount of that portion of the cost of the project or undertaking supplied by other sources; and
- (4) Compliance with the requirements of chapter 1 of title VII of the Act and this part; and

(b) Other records that the Secretary determines to be appropriate to facilitate an effective audit.

§ 364.36 What are the reporting requirements?

With respect to the records that are required by 34 CFR 364.35, the State Plan must include satisfactory assurances that all recipients of financial assistance under parts B and C of Chapter 1 of title VII of the Act will submit reports that the Secretary determines to be appropriate.

Guidance: 704 Report Part I Report – OMB Number 1820-0606, July 31, 2011 expiration

Instructions - Section F – Administrative Support Services and Staffing

Item 1 – Administrative Support Services.

Describe any administrative support services, including staffing, provided by the DSU to the Part B program.

Item 2 – Staffing

Report the total number Full Time Equivalents (FTEs) employed in the SILS program administered by the DSU(s) and by service providers other than CILs reporting in 704 Report, Part II. Report the total decision making and other staff and the number of FTEs filled by individuals with disabilities.

- To compute FTEs, determine the number of hours (excluding overtime) for which all employees were actually paid during the last six months of the reporting year. Multiply the hours worked by 2 (two), divide by 2080 (approximate number of hours worked by an FTE), the subsequent total is the equivalent fraction of the FTEs.

Section A – Number of Consumers Served During the Reporting Year

Include Consumer Service Records (CSRs) for ALL consumers served during the reporting year.

- (1) Enter the number of active CSRs carried over from September 30 of the year preceding the reporting year. Active CSRs are those corresponding to consumers who were actually served during the reporting year.
- (2) Enter the number of new CSRs opened since October 1 of the reporting year.
- (3) To get the number of consumers served during the reporting year, add the number of active CSRs carried over from the preceding year to the number of new CSRs opened for the reporting year. Enter this number in line A(3). $A(1) + A(2) = A(3)$.

Finding 3: FDDBS is not in compliance with 34 CFR 364.36 and the 704 Report Part I, Instructions Section F, related to the annual reporting of staff FTEs because FDDBS staff, who work in the generic IL program that includes both IL Part B and OIB, do not track separately their time spend on the IL Part B and the OIB programs. In addition, FDDBS does not track consumers to the IL Part B program to ensure accurate reporting. FDDBS provides its reporting information, including the FDDBS demographic information, for the 704 Part I report to the SILC to complete the annual report. Because FDDBS does not separately track its personnel time or consumers to the IL Part B or OIB programs, the information provided by FDDBS for the 704 Report Part I is not accurate.

Corrective Action 3: FDDBS must:

- 3.1 cease submitting reports to RSA that do not accurately depict IL Part B or OIB FTEs and consumers served by these programs; and

- 3.2 take the necessary steps to track separately its personnel time and consumers to the IL Part B or OIB programs and calculate FTEs accurately in the annual 704 Part I report in accordance with 34 CFR 364.36 and the 704 Report Part I instructions, Section F.

Technical Assistance

This section of the chapter describes the technical assistance (TA) provided by RSA to FDVR, FDBS and the SILC during the course of the review. The TA requested to carry out the recommendations and findings set forth above is included in Appendix C of this report titled “FDVR-FDBS IL Response.”

TA Provided

During the review of the IL program, RSA provided TA to FDVR, FDBS, and the SILC regarding:

- mandated duties of the SILC;
- DSUs’ accountability for Federal funds contracted to CILs, CRPs, and the SILC; and
- DSUs’ role in completing and submitting the 704 Part I report.

TA Requested

At the conclusion of the review process, FDVR and FDBS requested the following TA:

- FDVR and FDBS monitoring of the SILC;
- FDVR monitoring CIL contracts; and
- FDBS administration of the IL Part B program.

CHAPTER 2: FISCAL MANAGEMENT OF THE INDEPENDENT LIVING PROGRAM

RSA reviewed the fiscal management of the IL program by FDVR and the FDBS. During the review process, RSA provided TA to the state agencies to improve their fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agencies' cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices and financial management systems.

Fiscal Management

FDBS receives fiscal support from FDOE, the Bureau of the Comptroller, which is the agency's DSA. The comptroller's office provides review, processing and payment of invoices, monthly fiscal reporting, monitoring the agency's match and MOE requirements, preparing and submitting required federal fiscal reports, and providing fiscal information to FDBS management. FDBS initiated contract compliance activities in FY 2009, and the agency annually reviews two contracts per vendor. FDBS reviews the terms of the contract, contract staff credentials, services delivered, and any curriculum implemented. FDBS utilizes the RSA monitoring guide checklist as the basis for conducting the reviews and writing the reports.

FDVR utilizes cost reimbursement agreements with 16 CILs to provide IL Part B services. Payment is made upon receipt of approved programmatic deliverables and review of the reasonableness, and determination that all expenditures are allowable. FDVR has one contract manager at headquarters with responsibility to monitor the contract, review performance and audit and approve invoices.

Fiscal Performance

The data in the following table are taken from fiscal and program reports submitted by the state agencies to RSA, and speak to the overall effectiveness of their fiscal management practices. Specifically, IL program fiscal data, including the sources and amount of funding, match and carryover, are extracted from the program's SF-269 reports.

Independent Living Fiscal Table

Table 2.1
Fiscal Data for FDVR for FY 2004 through FY 2008

Florida G					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	780,303	816,151	817,697	828,339	818,460
Federal Expenditures	780,303	816,151	817,697	828,339	818,460
Required Match	86,700	90,683	90,855	92,038	90,940
Actual Match	86,704	90,683	90,855	92,038	1,439,999
Over (Under) Match	4	0	0	0	1,349,059

Independent Living Fiscal Table

Table 2.2
Fiscal Data for FDBS for FY 2004 through FY 2008

Florida B					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	159,821	167,164	167,480	169,660	167,636
Federal Expenditures	159,821	167,164	167,480	169,660	167,636
Required Match	17,758	18,574	18,609	18,851	18,626
Actual Match	26,511	30,420	29,938	92,447	23,605
Over (Under) Match	8,753	11,846	11,329	73,596	4,979

Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that FDVR or FDBS are required to undertake. FDVR or FDBS must develop a corrective action plan for RSA’s review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and RSA is available to provide TA to assist FDVR or FDBS to develop the plan and undertake the corrective actions. Regarding the findings below, RSA reserves the right to pursue enforcement action, including the recovery of Title VII, IL Part B funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. Federal Reporting

Legal Requirements: 34 CFR 80.20(b)(1) states that “Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or sub grant.”

Finding 1: FDVR is not in compliance with 34 CFR 80.20(b)(1) because it did not accurately report the following SF-269 data:

- For FDVR’s FY 2008 VR award, \$1,272,990 in program income was transferred from FDVR’s VR program to the IL Part B Program, identified under “Remarks” (section 12) on FDVR’s FY 2008 IL Part B 4th quarter SF-269 report (period ending 9/30/08). However, these funds are not reported as realized or disbursed under “Program Income” (section 10) on the report. Furthermore, the FY 2008 final IL Part B SF-269 report (submitted 9/30/09) indicates that \$4,736,616 of program income was transferred from FDVR’s VR program to the IL Part B program under “Remarks,” which again is not reported as realized or disbursed under “Program Income” (section 10). Not only is program income transferred after the 4th quarter, this figure does not match the final VR FY 2008 SF-269 report (submitted 9/30/09), which reports a total of \$4,768,672 transferred to the IL Part B program.
- For FDVR’s FY 2007 VR award, \$434,866 in program income was transferred from FDVR’s VR program to the IL Part B Program, identified under “Remarks” (section 12) on FDVR’s FY 2007 IL Part B 4th quarter SF-269 report (period ending 9/30/07); however, these funds are not reported as realized or disbursed under “Program Income” (section 10) on the report.

Furthermore, the FY 2007 final IL Part B SF-269 report (period ending 9/30/08) indicates that \$2,136,010 of program income was transferred from FDVR's VR program to the IL Part B program under "Remarks," which is also not reported as realized or disbursed under "Program Income" (section 10).

Corrective Action 1: FDVR must:

- 1.1 cease submitting reports to RSA that do not include all sources or amounts of funding as required; and
- 1.2 correct the FY 2007 and 2008 SF-269 reports to reflect the expenditure of program income in the IL program. FDVR must ensure that starting with 2009 all SF-269/425 reports are completed in accordance with financial reporting requirements.

2. Accountability of IL Part B, Title I Program Income, and I&E Funds

Legal Requirement: 34 CFR 364.34 states that:

In addition to complying with the applicable EDGAR fiscal and accounting requirements, the State plan must include satisfactory assurances that all recipients of financial assistance under parts B and C of chapter 1 of title VII of the Act will adopt those fiscal control and fund accounting procedures as may be necessary to ensure the proper disbursement of and accounting for those funds.

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.40(a) states that:

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program function and activity.

Finding 2: FDVR is not in compliance with 34 CFR 364.34 and 34 CFR 80.40(a), because it does not conduct monitoring activities, or have a formal monitoring protocol established, that enable it to assure that IL part B grant-supported activities performed by CILs comply with applicable Federal requirements, and that performance goals are being achieved. Additionally, FDVR and FDBS are not compliant with 34 CFR 364.34, 34 CFR 80.40(a) and 34 CFR 361.12, because they do not monitor the expenditures from Title I I&E funds, or IL part B funds, that are part of the SILC budget.

FDVR has 16 contracts with a network of 17 CILs for the provision of IL services, totaling approximately \$1 million in IL Part B funds and program income funds totaling \$4.7 million in FY 2008, plus state general revenue funds. In addition to the IL Part B service contracts, FDVR, FDBS, and the SILC have a MOA specifying the responsibilities of each entity. The MOA includes the SILC budget related to its duties to be performed under the SILC resource plan using IL Part B funds from FDBS and Title I I&E funds from FDVR, totaling approximately \$400,000. However, FDBS and

FDVR do not conduct monitoring of the expenditure of funds under the agreement. As a result of the limited monitoring of funds under the CIL service contracts and the lack of monitoring of the funds provided to the SILC for the resource plan, FDVR and FDBS cannot ensure the accountability of the IL Part B, program income and Title I I&E funds.

- In addition to the monitoring of CILs by the IL Program Specialist, the BCO also conducts reviews/audits of some CILs under its risk analysis plan.
- FDBS and FDVR do not monitor the expenditures of IL Part B and Title I I&E funds under the MOA with the SILC beyond the limited review of invoices by the Contract Manager.

Since FDVR and FDBS are the grantees and the recipients of the federal funds, they are the responsible parties to conduct the monitoring of grant supported activities. The limited review of monthly reports and invoices allows the DSUs to process payments; however, it does not provide the DSUs with information that will enable them to ensure compliance with federal requirements or that performance goals have been achieved. This requires a structured, formalized monitoring and oversight process that is consistently implemented using a monitoring schedule or risk analysis mechanism to identify potential problems with fiscal accountability. This may involve activities such as a review of agency performance data and service records, interviews with CIL staff, analysis of outcomes against established standards and indicators the agency expects from its vendors, and reconciliation of expenditures compared to services provided. In its monitoring of the SILC expenditures, FDBS and FDVR must develop appropriate procedures that do not compromise the independence of the SILC. Without a formalized monitoring and oversight approach, however, the DSUs are unable to ensure that grant supported activities comply with applicable Federal requirements and that performance goals are being achieved; therefore, the DSUs are not compliant with 34 CFR 361.12, 34 CFR 364.34 and 34 CFR 80.40(a).

Corrective Actions: FDVR and FDBS must:

- 2.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that FDVR and FDBS will comply with 34 CFR 361.12, 34 CFR 364.34 and 34 CFR 80.40(a), to ensure that they will monitor grant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved, as well as monitor Title I I&E and IL Part B funds as part of the SILC MOA; and
- 2.2 develop and implement written guidelines to monitor the expenditure of funds for activities and services provided by the CILs through the IL part B contracts, and the IL Part B funds and Title I I&E funds provided under the MOA between the DSUs and the SILC.

Technical Assistance

This section of the chapter describes the technical assistance (TA) provided by RSA to FDVR, FDBS, and the SILC during the course of the review. The TA requested to carry out the recommendations and findings set forth above is included in Appendix A of this report titled “Agency Response.”

TA Provided

To enable the agency to improve its fiscal management processes, RSA provided TA to FDVR and FDBS during the review process regarding:

- the completion of federally required SF-269 financial reports;

- 2 CFR part 225 time distribution documentation requirements applicable to staff working on more than one program (federal and/or state);
- 2 CFR part 225 semi-annual certification requirement applicable to staff charging 100 percent of their time to one federal grant program;
- development of the resource plan for the SILC, available sources of funds that can be used to support this plan, and allowable costs for federal financial participation;
- the connection to the I&E expenditures reported on the SF-269 report and the State Plan attachment describing I&E activities, and funds used for this purpose;
- the development the SRC budget, and
- the development of IL fiscal processes.

APPENDIX A: FDVR RESPONSE

Part I: Responses to Observations, Recommendations, Compliance Findings or Corrective Actions and TA Needs

Chapter 1: VR/SE Program Performance Observations and Recommendations

1. Order of Selection

Recommendation 1: RSA recommends that FDVR:

- 1.1 conduct a comprehensive analysis of data since the implementation of the OOS regarding the number of consumers served and the associated service delivery expenditures to accurately project future costs;
- 1.2 using accurate cost projections, develop measureable goals to reduce the number of individuals on the waiting list and reduce the amount of carryover funds;
- 1.3 develop and implement revised benchmarks for CRPs based on increased service delivery to individuals with MSDs;
- 1.4 update MOUs between FDVR and FDBS, and FDVR and APD, to include roles and responsibilities of each agency and outline procedures for jointly serving consumers when one or both agencies are on an OOS;
- 1.5 develop and implement a mechanism to increase the involvement of the SRC in the ongoing administration of the OOS; and
- 1.6 provide ongoing agency training to all front-line staff regarding effective practices for providing services to individuals with MSDs and on OOS caseload management.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

2. Transition

Recommendation 2: RSA recommends that FDVR:

- 2.1 evaluate service delivery trends of transition-age youths to determine the factors contributing to low performance;
- 2.2 develop and implement a strategy to improve the employment rate for transition-age youths, including increased partnerships with schools and other stakeholders to improve outreach and service delivery; and
- 2.3 develop and implement a strategy to improve the employment rate for transition-age youths with cognitive or mental /psychosocial impairments by involving APD, MHP-DCF, DD Council and BEESS as significant partners.

Agency Response: FDVR's strategic plan has also identified transition as a focus area and the recommendations provided are incorporated within the plan.

Technical Assistance: FDVR did not request TA in response to the monitoring report, but expressed an interest in obtaining TA in these topical areas during the course of the on-site review as listed on page 29. RSA State Team 5 will discuss the agency's TA needs upon the completion of the monitoring report and at the time of the development of the TA plan.

3. Limited Access to Services and Low Rehabilitation Rates for Individuals with Cognitive Impairments

Recommendation 3: RSA recommends that FDVR:

- 3.1 develop and implement outreach methods improve service delivery access to individuals with cognitive impairments;
- 3.2 develop and implement strategies to improve the collaboration between FDVR and APD to increase access to services for individuals with cognitive impairments; and
- 3.3 develop and implement a plan to enhance VR Counselor skills to assist individuals with cognitive impairments to achieve employment outcomes.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR requests TA regarding identification of best practices related to providing effective services to individuals with cognitive impairments. In addition, FDVR requests assistance in identifying training that would improve performance in serving individuals with cognitive impairments, as well as training to improve skills in serving other individuals with the MSDs.

4. Quality Assurance

Recommendation 4: RSA recommends that FDVR:

- 4.1 expand existing QA processes to assess the effectiveness of service delivery and to emphasize the quality of employment outcomes;
- 4.2 conduct the OPPAGA analysis that compares rehabilitation outcomes for individuals served by AoF to those individuals served under the traditional model to determine whether or not to continue this model;
- 4.3 develop and implement a performance-based VR Counselor appraisal system for FDVR and AoF VR Counselors that contains quality indicators such as wages, hours worked, benefits at closure and consumer satisfaction;
- 4.4 link QA activities to the process for selecting RPI analyses and the activities conducted by the PICs; and
- 4.5 integrate FDVR's QA activities into a comprehensive QA system that effectively assesses internal and external service delivery.

Agency Response: FDVR responded to recommendation 4.2 as follows. OPPAGA recommended that FDVR conduct an analysis of the outcomes for the staff leasing model in Region's 9 and 23 (Monroe County). The staff leasing model contract ended in Region 9 on October 1, 2007. Monitoring of outcomes of the two leased staff counselors that serve Region 23 was completed in July, 2007. The outcomes of this unit are evaluated monthly along with all FDVR unit offices.

RSA Response: RSA was not aware of the results of this analysis at the time of the monitoring review and requests that the results of the FDVR analysis be provided to us with any other documentation that FDVR used to support the termination of the contract in Region 9 and the continuance of the contract in Region 23.

Technical Assistance: FDVR did not request TA.

5. OJT

Recommendation 5: RSA recommends that FDVR:

- 5.1 review and update FDVR's OJT employer information materials with input from the BLNs to ensure that the goals for the OJT are clearly stated and are beneficial to employers;
- 5.2 develop and implement training for FDVR VR Counselors and CRP staff members with input from experienced job developers;
- 5.3 streamline the OJT process and the on-line registration so employers are more willing to participate; and
- 5.4 evaluate agency performance in using OJTs to increase competitive employment outcomes and, based on the results of this evaluation, determine the need for additional resources to promote this initiative.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

6. Staff Retention

Recommendation 6: RSA recommends that FDVR:

- 6.1 develop and implement a comprehensive strategy for improving retention of all levels of staff, in particular VR Counselors;
- 6.2 develop and implement a plan to ensure continuity of service delivery during caseload vacancies; and
- 6.3 develop training strategies for more efficient and cost effective provision of new VR Counselor training, such as conducting more localized trainings and/or developing on-line training modules.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

VR/SE Program Compliance Finding and Corrective Action

1. Third-Party Cooperative Arrangements

Corrective Actions: FDVR must:

- 1.1 cease providing the customary services, available to all students with disabilities, under the TPCAs, as required by 34 CFR 361.28(a)(1); also, cease providing services to non-FDVR consumers or applicants under the TPCAs, as required by 34 CFR 361.28(a)(2);

- 1.2 submit a written assurance to RSA within 10 days of the final monitoring report that FDVR will comply with 34 CFR 361.28(a)(1) and (2);
- 1.3 revise its TPCA agreements to describe the scope of services offered through the TPCA with the ISDs to make it clear that the transition services provided under the TPCA must be either new services or modified services with a VR focus, as required by 361.28(a)(1); and
- 1.4 revise its TPCA document, and take the steps necessary, to ensure that only applicants for or recipients of VR services are served under the agreement with the ISDs, as required by 361.28(a)(2).

Agency Response: FDVR amended the TPCAs with the school districts effective July 1, 2010. FDVR believes that all of the corrective actions have been completed except the written assurance listed as Corrective Action 1.2, which it will provide to RSA as requested.

RSA Response: In addition to the written assurance specified in Corrective Action 1.2, RSA requests that FDVR provide a signed copy of a TPCA that was revised as per our recommendations and became effective July 1, 2010.

Technical Assistance: FDVR did not request TA.

Chapter 2: Fiscal Management of the FDVR Vocational Rehabilitation and Supported Employment Programs

Fiscal Management Observations and Recommendations

1. Fiscal Planning

Recommendation 1: RSA recommends that FDVR develop and implement a multi-year fiscal planning process that, at a minimum, projects and regularly updates:

- anticipated financial resources (Federal and non-Federal);
- the utilization of available resources and documenting the need for additional resources;
- administrative (including indirect) expenses;
- staff salaries, fringe benefits and overhead costs;
- I&E activities; and
- costs of meeting State Plan goals and strategies.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

Fiscal Management Compliance Findings and Corrective Actions

1. Use of Program Income

Corrective Action 1: FDVR must:

- 1.1 cease requesting additional Federal VR funds before disbursing program income and the interest it generates; and

- 1.2 provide a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that it will disburse program income, and the interest it generates, before requesting additional cash payments, to comply with 34 CFR 80.21(f).

Agency Response: FDVR believes this finding to be inaccurate, or at the very least inconsistent, based upon historical guidance by the RSA. FDVR contends that it is in compliance with the RSA guidelines on the use of program income based on the RSA policy directives. FDVR further believes that a conflict exists between the RSA guidelines and 34CFR 80.21(f)(2) on the use of program income. While FDVR agrees that 34CFR 80.21(f)(2) requires the disbursing of available program income, or interest earned on program income, before requesting additional cash payments for the same activity, RSA directives and training relating to the use of program income did not indicate this requirement. Therefore, FDVR believed that the use and reporting of program income was in compliance with RSA's requirements.

The Rehabilitation Act Sec.19(a)(2) states "any amounts of program income, including reimbursement payments under the Social Security Act (42 U.S.C. 301 et seq.), received by recipients under any grant program specified in paragraph (1) that are not obligated and expended by recipients prior to the beginning of the fiscal year succeeding the fiscal year in which such amounts were received, shall remain available for obligation and expenditure by such recipients during such succeeding fiscal year."

RSA Policy Directive RSA-PD-94-04 dated June 1, 1994, states "Section 19 of the Act permits unobligated and unexpended program income to be carried over to the next fiscal year. All program income received but not used by a grant recipient during any federal fiscal year may be carried over to the following fiscal year. Program income may be used during the year in which it is received or in the subsequent year (the carryover year), whether or not federal funds have been carried over during that same time period. However, by the close of that carryover year, the carried-over program income must be either deducted from total outlays to be claimed under the formula grant for the fiscal year that generated the income or obligated for additional program expenditures, whichever alternative applies. All program income obligations and expenditures must be reported in the program in which it is used."

RSA Policy Directive RSA-PD-01-02 dated October 26, 2000, under policy statement Section C, Paragraph 2 states "the grant period for obligating program income is that period of time associated with the current grant when the funds become available (or are received). In accordance with Section 19 of the Act, program income funds must be obligated by the end of the federal fiscal year succeeding the year in which the funds were received."

In summary, FDVR maintains that RSA policy directives indicated that program income could be budgeted and obligated for specific proposes. For over five years, FDVR has also reported undisbursed program income on its quarterly SF-269 federal reports, which are submitted to RSA staff who have not questioned this amount.

RSA Response: The regulations that FDVR has quoted are accurate, but they do not change the requirement that program income must be disbursed prior to drawing down federal funds. Most of the information FDVR provided indicates that program income must be obligated by the end of the federal fiscal year succeeding the year in which the funds were received. In a situation where program income is received in September (last month of the fiscal year) in the year that funds are awarded, it is possible that the program income may exceed expenditures that the agency incurs through that month. In this

instance, the program income can be carried over into the second year (regardless of whether or not federal funds have been carried over during that same time period), and are therefore available for obligation in year two; however, this is not in conflict with regulations at 34 CFR 80.21(f)(2) that the program income must be disbursed prior to drawing down additional federal funds. None of RSA's policy directives identified by FDVR indicate that program income can be budgeted and obligated for specific purposes. The finding stands as it was originally written. RSA is available to provide TA on complying with this requirement.

Technical Assistance: FDVR requests that RSA provide TA and clarification through a policy directive on the use of program income as it relates to 34 CFR 80.21(f)(2).

2. Federal Reporting

Corrective Action 2: FDVR must:

- 2.1 cease submitting inaccurate RSA-2 reports; and
- 2.2 submit a written assurance to RSA within 10 days of the issuance of the Final monitoring report that FDVR will submit complete and accurate RSA-2s to RSA.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

3. Assigning Personnel Costs – VR Program

Corrective Action 3: FDVR must:

- 3.1 cease using Title I VR funds for personnel costs that do not have supporting documentation as required under 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5; and
- 3.2 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:
 - a) personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and
 - b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by FDVR in accordance with program requirements.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

4. Failure to Maintain Written Policies Governing Payment of VR Services

Corrective Action 4: FDVR must:

- 4.1 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report that FDVR will develop written policies governing the payment of purchased VR services, as required by 34 CFR 361.50(c)(1), and that these policies will comply with 34 CFR 361.12 and 2 CFR part 225, Appendix A, paragraph C;

- 4.2 establish and maintain written policies governing the rates of payment for all purchased VR services; and
- 4.3 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

APPENDIX B: FDBS RESPONSE

Part II: Responses to Observations, Recommendations, Compliance Findings or Corrective Actions and TA Needs

Chapter 1: VR/SE Program Performance Observations and Recommendations

1. Case Management System

Recommendation 1: RSA recommends that FDBS revise and update the CMS to address IPE service selection, SE reporting, CRP data input and billing, and RSA reporting to improve data quality.

Agency Response: In July 2010, DBS initiated a project to rectify several items related to cumbersome business processes and its case management system. Some of the more significant changes include reduced number of services to choose from, plans that will run from 2 - 4 pages in length, reduction in complexity by eliminating planned service outcomes, simplifying CRP data entry and invoicing, and simplifying the application and closure processes. Care has been given to ensure compliance with RSA regulations and reporting requirements. RSA reporting (RSA 2, 911, 113) will now be "owned" by the Client Services Bureau. This shift in ownership will allow the bureau management the opportunity to perform quality checks on the data, implement appropriate feedback to staff entering the data (such as with the 2008 SE numbers), and improve the accuracy of the data reported to RSA. The streamlined processes have been developed during focus groups consisting of DBS front line staff, CRP staff, agency management, and DBS contractor, Alliance Enterprises, Inc.

Technical Assistance: FDBS does not request TA.

2. Quality Assurance

Recommendation 2: RSA recommends that FDBS:

- 2.1 expand the existing internal QA activities beyond service record reviews to address the effectiveness of internal service delivery;
- 2.2 continue to work with PCG and compare the average cost of contract services with the estimated costs of services at contract development to determine the efficiency of service provision externally versus internally, and to analyze contract performance compared to contract costs;
- 2.3 reassess the Ombudsman position to determine its efficacy within the agency, including equitable position qualifications commensurate to that of a VR Counselor; and
- 2.4 integrate all agency QA activities into a comprehensive QA system that effectively assesses internal and external service delivery.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

3. Transition-Age Youths

Recommendation 3: RSA recommends that FDBS:

- 3.1 in connection with recommendation 2.2, analyze the services provided under the 12 CRP transition contracts and FDBS VR counselors to determine the efficacy of service delivery under both models;
- 3.2 develop and implement policies and procedures to ensure that performance targets are met for transition-age youths served under the contracts;
- 3.3 add performance indicators that address quality of services to assess the performance of the 12 transition contracts; and
- 3.4 include the TCFA as part of the CFA to streamline CRPs' assessments and CMS data input to improve service delivery for transition-age youths.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

4. Supported Employment

Recommendation 4: RSA recommends that FDBS:

- 4.1 develop and implement policies and procedures to identify individuals with MSDs that require SE services to achieve successful employment outcomes;
- 4.2 analyze the agency's SE service delivery system to ensure SE is available statewide; and
- 4.3 provide agency training to all staff regarding the SE program requirements, including the use of extended services and closure criteria.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

5. Assistive Technology Provision

Recommendation 5: RSA recommends that FDBS:

- 5.1 ensure that individuals with AT equipment and software needs are provided with these resources in a timely a manner in order to successfully maintain employment (i.e. AT loaner or reutilization program); and
- 5.2 streamline the current AT equipment approval process such that an individuals' employment outcome is not jeopardized due to delays in receiving AT equipment necessary to perform the essential functions of the job.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

6. Interagency Collaboration

Recommendation 6: RSA recommends that FDBS:

- 6.1 update the SEA agreement to delineate the roles and responsibilities of each partner to include the coordination of IEP meetings and obtaining parental consent;
- 6.2 conduct additional cross-training between FDBS and One-Stop Career Centers to improve each partner's understanding of the services offered by each agency and to increase One-Stop Career Center staff sensitivity to the needs of individuals who are blind or visually impaired;
- 6.3 update the MOU with FDVR to address the roles and responsibilities of both DSUs regarding appropriate referrals and service provision to joint consumers when one or both DSUs is on an OOS;
- 6.4 conduct cross-training between FDBS and FDVR to improve the appropriateness of referrals, increase staff knowledge of each agency's eligibility criteria, and the impact of OOS; and
- 6.5 continue to work with IHEs' Disability Support Service departments to ensure they are fulfilling their responsibility to provide accommodation services as outlined in the agreement.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

VR/SE Program Compliance Findings and Corrective Actions

1. Individualized Plan for Employment

Corrective Action 1: FDBS must:

- 1.1 cease the implementation of different kinds of "plans," including the "Comprehensive Vocational Assessment plan," "the Transition plan," and "the SE plan," and consider the use of the "Special Programs" section in the CMS to track program participation on the IPE;
- 1.2 submit a written assurance to RSA within ten days of the issuance of the final monitoring report to ensure that all IPEs and IPE amendments comply with 34 CFR 361.45(b)(2), 34 CFR 361.45(d)(7), and 34 CFR 361.46(a)(1);
- 1.3 ensure that IPEs and IPE amendments do not take effect until signed by the eligible individual and a qualified VR Counselor; and
- 1.4 ensure that the IPE developed meets all of the requirements in 34 CFR 361.45, including the specific services as opposed to skills associated with the service (e.g. service – Orientation and Mobility, instead of skills—long cane skills, low vision aid training, spatial and environmental concepts).

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

2. Economic Needs Test of SSI recipients and/or SSDI beneficiaries

Corrective Action 2: RSA requires that FDBS:

- 2.1 submit a written assurance to RSA within ten days of the issuance of the final monitoring report, to ensure that the agency will not apply a financial needs test, or require the financial participation of the individual, as a condition for furnishing any VR service if the individual in need of the service has been determined eligible for Social Security benefits under Titles II or XVI of the Social Security Act, as required by 34 CFR 361.54(b)(3)(ii); and
- 2.2 take the necessary steps to ensure that it does not apply a financial needs test to VR consumers who are SSI recipients and/or SSDI beneficiaries individuals, including the practice of administering a financial needs test as a condition for providing maintenance.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS requested TA that was provided in separate correspondence.

Chapter 2: Independent Living (IL) Services Program for Older Individuals Who Are Blind (OIB)

OIB Program Performance Observations and Recommendations

1. Case Management System

Recommendation 1: RSA recommends that FDBS revise and update the system in order to address CRP data input for the OIB program.

Agency Response: In July 2010, FDBS initiated a project to rectify several items related to cumbersome business processes in its case management system. Some of the more significant changes include reduced number of services to choose from, plans that will run from 2 - 4 pages in length, reduction in complexity by eliminating planned service outcomes, simplifying CRP data entry and invoicing, and simplifying the application and closure processes. Care has been given to ensure compliance with RSA regulations and reporting requirements. RSA reporting (7-OB) will now be "owned" by the Client Services Bureau. This shift in ownership will allow the bureau management the opportunity to perform quality checks on the data, implement appropriate feedback to staff entering the data, and improve the accuracy of the data reported to RSA. The streamlined processes have been developed during focus groups consisting of FDBS front line staff, CRP staff, agency management, and FDBS contractor, Alliance, Inc.

Technical Assistance: FDBS did not request TA.

2. Staff Utilization

Recommendation 2: RSA recommends that FDBS:

- 2.1 evaluate the utility of the IL Specialist positions relative to their small caseloads to determine if these positions are cost effective;
- 2.2 delineate separate OIB and IL Part B programs within the generic IL program and identify staff and resources to provide services to eligible individuals within each program.

Agency Response: Given that a significant amount of IL and Children’s Program (CP) services are now provided through our CRPs, FDBS restructured its IL and CP staff by combining the two programs to accommodate the current needs. Considering that much of the IL and CRP’s direct client services are being performed collaboratively by FDBS and CRPs, the current structure warranted a re-alignment of the Senior Rehabilitation Specialist positions to take on more of a contract monitoring, counseling and outreach role, while the CRPs assist in the provision of services.

Based on the significant changes to the IL/CP Senior Rehabilitation Specialist duties, it was determined that the position classification should be lowered from pay grade 19, Senior Rehabilitation Specialist Blind, to pay grade 17, Rehabilitation Specialist Blind classification. The division used pay grade 17 in years past.

This clarifies the significant differences of duties performed by these specialists and the more complex duties performed by the Specialists in the VR Program, which requires a higher level of education mandated by RSA.

Although the IL/CP Specialists are in a lower pay grade and broadband level, their current salary remains the same.

RSA Response: RSA would like to emphasize that combining the IL and CP programs will create a need for FDBS to ensure that the costs of each program are allocated proportionately according to the benefit each program receives. For example, if one staff member works 50 percent of his/her time on IL, and the remaining 50 percent on the CP program, then each program/cost objective must be charged that portion of the individual’s time for salary and benefit purposes.

Technical Assistance: FDBS did not request TA.

OIB Program Compliance Findings and Corrective Actions

1. Eligibility

Corrective Action 1: FDBS must:

- 1.1 cease providing OIB services to non-eligible individuals; and
- 1.2 take the steps necessary to ensure that in its OIB program, it provides services only to older individuals who are blind, as required by 34 CFR 367.1(a) and 34 CFR 367.5(b). Examples of activities FDBS could use to reach compliance include: revise CRP contracts to specify that individuals served in the OIB program must be 55 or older, and follow-up with CRP staff to ensure their understanding of the eligibility for the OIB program.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

2. 7-OB Reporting of FTEs

Corrective Action 2: FDBS must

- 2.1 cease submitting reports that are not an accurate representation of personnel time spent on the OIB program; and
- 2.2 take the necessary steps to track separately its personnel time and consumers to the IL Part B or OIB programs and report staff FTEs accurately in the annual 7-OB report in accordance with the instructions, Part IIA, in order to ensure the proper and efficient administration of the program, as required by 34 CFR 367.20(d).

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

Chapter 3: Fiscal Management of FDBS' VR, SE and OIB Programs

Fiscal Management Observations and Recommendations

1. Fiscal Planning

Recommendation 1: RSA recommends that FDBS develop and implement a multi-year fiscal planning process that, at a minimum, projects:

- anticipated financial resources (Federal and non-Federal);
- the utilization of available resources, documents the need for additional resources and identifies surplus resources;
- administrative (including indirect) expenses;
- staff salaries, fringe benefits and overhead costs;
- I&E activities and expenditures;
- State Plan goals and strategies; and
- service delivery expenditures.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

2. Contract Origination, Review and Quality Assurance

Recommendation 2: RSA recommends that FDBS continue with its plans to develop and implement a communication plan between the units involved in the contracting processes. This plan should include:

- the roles and responsibility of each unit;
- the mechanism to share information and results; and
- the methods to implement the communication plan.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

3. Case Service Expenditures Quality Assurance Review

Recommendation 3: RSA recommends that FDBS develop as part of its QA system a review of the invoicing process. This review should include a review of FDBS' obligation and liquidation processes to assure compliance with its policies and procedures.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

Fiscal Management Compliance Findings and Corrective Actions

1. Assigning Personnel Costs – VR Program

Corrective Action 1: FDBS must:

- 1.1 cease using Title I VR funds for personnel costs that are incurred in the administration of other programs, such as the IL and OIB programs;
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5;
- 1.3 submit a plan, including timelines, describing the corrective actions that will be taken, as required by 2 CFR part 225, Appendix B, paragraphs 8.h.4 and 8.h.5, to ensure:
 - a) personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and
 - b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by FDBS pursuant to Federal program requirements; and
- 1.4 submit a revised cost allocation plan, regarding the proportion of time that will be charged to each program for those staff working on multiple programs, as appropriate, to the U.S. Department of Education for approval.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

2. Failure to Maintain Written Policies Governing Payment of VR Services

Corrective Action 2: FDBS must:

- 2.1 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report that FDBS will develop written policies governing the payment of purchased VR services, as required by 34 CFR 361.50(c)(1), and that these policies will comply with 34 CFR 361.12 and 2 CFR part 225, Appendix A, paragraph C; and

- 2.2 continue to work with the consulting group to formalize the fee development process and revise the CRP contracts;
- 2.3 establish and maintain written policies to govern the rates of payment for all purchased VR services, as required by 34 CFR 361.50(c)(1); and
- 2.4 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

3. Match Deficit

Corrective Action 3: FDBS must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will provide the requisite amount of non-Federal expenditures to satisfy its match requirement under the VR program, as set forth at 34 CFR 361.60 and 34 CFR 80.24(a); and
- 3.2 revise the 4th quarter and final SF-269 reports submitted for FY 2007, if necessary, to reflect an accurate accounting of the State's non-Federal share under the VR program.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

4. Unallowable OIB program costs

Corrective Action 4: FDBS must:

- 4.1 cease using OIB program funds to pay for expenditures incurred by FDBS for individuals not eligible for the OIB program; and
- 4.2 submit a written assurance to RSA within ten days of the issuance of the final monitoring report that expenditures for the OIB program will comply with sections 751 and 752(d)(1) of the Act, 34 CFR 367.5, 34 CFR 80.20(a), and the Federal cost principles contained in 2 CFR 225.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

5. Federal Reporting

Corrective Action 5: FDBS must

- 5.1 cease submitting reports to RSA that do not include all sources of funding as required; and
- 5.2 correct the 2007 and 2008 reports to reflect the expenditure of program income in the IL program. FDBS must ensure that starting with 2009 all SF-269/425 reports are completed in accordance with financial reporting requirements.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

APPENDIX C: FDVR – FDBS IL PROGRAM RESPONSE

Part III: Responses to Observations, Recommendations, Compliance Findings or Corrective Actions and TA Needs

Chapter 1: IL Program Performance Observations and Recommendations

1. Accountability of IL Part B, Title I Program Income, and I&E Funds

Recommendation 1: RSA recommends that FDVR and FDBS:

- 1.1 develop and implement a standard protocol and schedule to monitor all CIL contracts to ensure accountability for the IL Part B funds and program income funds; and
- 1.2 develop and implement a mechanism to monitor the expenditure of IL Part B and Title I I&E funds under the MOA with the SILC.

Agency Response: FDVR and FDBS did not respond.

Technical Assistance: FDVR and FDBS did not request TA.

IL Program Compliance Findings and Corrective Actions

1. SILC Duties

Corrective Action 1: The SILC must:

- 1.1 cease any activities funded with federal funds that are not consistent with OMB Circular 122's prohibition on lobbying or the SILC's statutory duties; and
- 1.2 take the necessary steps to ensure that it will comply with 34 CFR 364.21 to perform their duties consistent with the federal requirements.

Agency Response: FDVR is negotiating a new Memorandum of Agreement with the SILC. These requirements will be incorporated in the agreement. FDVR will monitor the SILC to ensure compliance.

Technical Assistance: The SILC did not request TA.

2. SILC Member Term Limits

Corrective Action 2: The SILC must:

- 2.1 cease permitting members to serve more than two consecutive terms. The positions filled by any members serving more than two consecutive terms are considered vacant; and
- 2.3 take the necessary steps to ensure that SILC members meet the term-limit requirements and not serve beyond the consecutive two-term limit, as specified in 34 CFR 364.21(f).

Agency Response: Article II, Section 5 of the Florida Constitution provides, in pertinent part, that public officers "continue in office until a successor qualifies." The SILC works diligently to provide the

Governor's Office with potential nominees and to address the term limit issues; however, the conflict between federal law and the Florida Constitution creates an untenable situation.

RSA Response: Federal law supersedes state law and the positions filled by any individuals serving beyond two terms are vacant and it is not allowable for these individuals to perform the functions of SILC members. Therefore, the finding stands.

Technical Assistance: The SILC did not request TA.

3. 704 Part I Reporting of FTEs and Consumer Demographics

Corrective Action 3: FDBS must:

- 3.1 cease submitting reports to RSA that do not accurately depict IL Part B or OIB FTEs and consumers served by these programs; and
- 3.2 take the necessary steps to track separately its personnel time and consumers to the IL Part B or OIB programs and calculate FTEs accurately in the annual 704 Part I report in accordance with 34 CFR 364.36 and the 704 Report Part I instructions, Section F.

Agency Response: FDBS did not respond.

Technical Assistance: FDBS did not request TA.

Chapter 2: Fiscal Management of FL's IL Program

Fiscal Management Compliance Findings and Corrective Actions

1. Federal Reporting

Corrective Action 1: FDVR must:

- 1.1 cease submitting reports to RSA that do not include all sources or amounts of funding as required; and
- 1.2 correct the FY 2007 and 2008 SF-269 reports to reflect the expenditure of program income in the IL program. FDVR must ensure that starting with 2009 all SF-269/425 reports are completed in accordance with financial reporting requirements.

Agency Response: FDVR did not respond.

Technical Assistance: FDVR did not request TA.

2. Accountability of IL Part B, Title I Program Income, and I&E Funds

Corrective Action 2: FDVR and FDBS must:

- 2.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that FDVR and FDBS will comply with 34 CFR 361.12, 34 CFR 364.34 and 34 CFR 80.40(a), to ensure that they will monitor grant supported activities to assure compliance with applicable

Federal requirements and that performance goals are being achieved, as well as monitor Title I I&E and IL Part B funds as part of the SILC MOA; and

- 2.2 develop and implement written guidelines to monitor the expenditure of funds for activities and services provided by the CILs through the IL part B contracts, and the IL Part B funds and Title I I&E funds provided under the MOA between the DSUs and the SILC.

Agency Response: With regard to 2.1, FDVR stated that it will submit the required assurance. With regard to 2.2, FDVR stated that it had written guidelines to monitor expenditures of funds for activities and services provided by the CILs. The monitoring instrument is based on the guide that RSA's CIL monitoring guide. FDVR will implement a plan to increase the regular, periodic monitoring of the CILs. FDVR will conduct monitoring of the SILC during the 2011-2011 fiscal year.

RSA Response: At the time of the on-site review, RSA was not aware that FDVR had a CIL monitoring guide. In completing this corrective action, RSA is available to review the guide and to provide technical assistance to ensure that it adequately monitors the federal requirements.

Technical Assistance: FDVR and FDBS did not request TA.

APPENDIX D: EXPLANATIONS OF DATA TABLES

VR and SE Program Highlights

- Total funds expended on VR and SE – RSA-2 line 1.4
- Individuals whose cases were closed with employment outcomes - RSA-113 line D1
- Individuals whose cases were closed without employment outcomes - RSA-113 line D2
- Total number of individuals whose cases were closed after receiving services – RSA-113 line D1+D2
- Employment rate – RSA-113 line D1 divided by sum of RSA-113 line D1+D2, multiplied by 100
- Individuals whose cases were closed with SE outcomes – Total number of individuals whose employment status at closure (record position 161) = 7 in the RSA-911 report
- New applicants per million state population – RSA-113 line A2 divided by the result of the estimated state population divided by 1 million. The estimated state population is found on the following website: <http://www.census.gov/popest/states/NST-ann-est.html>
- Average cost per employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who achieved an employment outcome (record position 198 =3) divided by the total number of these individuals
- Average cost per unsuccessful employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who did not achieve an employment outcome (record position 198 = 4) divided by the total number of these individuals
- Average hourly earnings for competitive employment outcomes - Sum of individuals' weekly earnings at closure (record position 163-166) divided by the total hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure > 0, where the type of closure (record position 198) = 3, and where competitive employment (record position 162) = 1
- Average state hourly earnings – Using the most relevant available data from the Bureau of Labor Statistics Report (<http://www.bls.gov>), state average annual earnings divided by 2,080 hours
- Percent average hourly earnings for competitive employment outcomes to state average hourly earnings – Average hourly earnings for competitive employment outcomes (above) divided by the Average state hourly earnings (above) multiplied by 100

- Average hours worked per week for competitive employment outcomes - Average hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure (record position 163-166) > 0 and where the type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Percent of transition age served to total served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 divided by all individuals of any age whose type of closure (record position 198) is 3 or 4
- Employment rate for transition population served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) = 3 divided by the number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 multiplied, the result of which is multiplied by 100
- Average time between application and closure (in months) for individuals with competitive employment outcomes - Average of individuals date of closure (record position 201-208) minus date of application (record position 15-22) in months where type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Standard 1 – To achieve successful performance on Evaluation Standard 1 the DSU must meet or exceed the performance levels established for four of the six performance indicators in the evaluation standard, including meeting or exceeding the performance levels for two of the three primary indicators (Performance Indicators 1.3, 1.4, and 1.5).
- Standard 2 – To achieve successful performance on Evaluation Standard 2, the DSU must meet or exceed the performance level established for Performance Indicator 2.1 (.80) or if a DSU's performance does not meet or exceed the performance level required for Performance Indicator 2.1, or if fewer than 100 individuals from a minority population have exited the VR program during the reporting period, the DSU must describe the policies it has adopted or will adopt and the steps it has taken or will take to ensure that individuals with disabilities from minority backgrounds have equal access to VR services.

IL Program Highlights (From RSA 704 report)

- Title VII, Chapter 1, Part B Funds – Subpart I, Administrative Data, Section A, Item 1(A)
- Total Resources (including Part B funds) – Subpart I, Administrative Data, Section A, Item 4
- Total Served - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section A(3)
- Total Consumer Service Records Closed - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(6)
- Cases Closed - Completed All Goals - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(4)
- Total Goals Set - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total Goals Met - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)

- Total individuals accessing previously unavailable transportation, health care, and assistive technology - Subpart III, Section B, Item 2, sum of (A) + (B) + (C)
- Total FTEs - Subpart I, Section F, sum of Item 2 for the column
- Total FTEs with Disabilities - Subpart I, Section F, sum of Item 2 for the column

OIB Program Highlights (From RSA 7-OB Form)

- Title VII, Chapter 2, Expenditures - Part I-Sources and Amounts of Funding, (A)(1)
- Total Expenditures (including Chapter 2) - Part I-Sources and Amounts of Funding, (A)(6)
- Total Served Older Individuals who are Blind - Part III-Data on Individuals Served During This Fiscal Year, (B)-Gender, sum of (1) + (2)
- Total FTEs - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column
- Total FTEs with Disabilities - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column

APPENDIX E: EXPLANATIONS APPLICABLE TO FISCAL PROFILE TABLES

Grant Amount:

The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallocation process, or additional grant funds received through the reallocation process.

Match (Non-Federal Expenditures):

The non-federal share of expenditures in the Basic Support Program, other than for the construction of a facility related to a community rehabilitation program, was established in the 1992 amendments to the Rehabilitation Act at 21.3 percent. As such, a *minimum* of 21.3 percent of the total allowable program costs charged to each year's grant must come from non-federal expenditures from allowable sources as defined in program and administrative regulations governing the VR Program. (34 CFR 361.60(a) and (b); 34 CFR 80.24)

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. RSA also reviewed the accuracy of expenditure information previously reported in financial and program reports submitted to RSA.

Carryover:

Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation (34 CFR 361.64(b)). Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

Program Income:

Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the SSA for rehabilitating Social Security beneficiaries, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated by a state-operated community rehabilitation program. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the agency carries over federal grant funds. Grantees may

also transfer program income received from the SSA for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources and use of generated income.

Maintenance of Effort (MOE):

The 1992 amendments revised the requirements in section 111(a)(2)(B)(ii) of the Act with respect to maintenance of effort provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the maintenance of effort level is based on state expenditures under the title I State plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and maintenance of effort requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

Administrative Costs:

Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. Details related to expenditures that should be classified as administrative costs are found in VR Program regulations at 34 CFR 361.5(b)(2).