

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



**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 IL 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 administered by Idaho (ID) IDVR and ICBVI:

- 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, established under Title VII, Chapter 2.

In addition, RSA also reviewed the progress of IDVR and ICBVI 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 IDVR and ICBVI 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 IDVR and its SRC, ICBVI and its Board, 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 an on-site monitoring visit from March 22, 2010 through March 26, 2010, during which it met with representatives of ICBVI, IDVR, the SILC staff, and other stakeholders, primarily focusing on the operations of the ICBVI; and conducted a second on-site visit from April 26, 2010 through April 30, 2010, during which it met with representatives of the ID State Board of Education (ISBE), IDVR and its SRC, the ICBVI Board, the SILC, and other stakeholders, primarily focusing on the operations of IDVR.

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

Data Used During the Review

RSA's review of IDVR and ICBVI began in the fall of 2009 and ended in the summer of 2010. This report 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 IDVR and ICBVI. In this report, FY 2008 data is applied to VR and SE while FY 2009 data is applied to OIB and IL because of its availability during the on-site review.

Results of Review Activities

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

- identified areas of consistently high or improved performance;
- identified performance areas for improvement and recommended that IDVR and ICBVI undertake specific actions to improve their performance;
- identified compliance findings and required that IDVR and ICBVI 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 ID 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: David Jones and Christyne Cavataio (VR Unit and review co-leaders), Charles Sadler (TA Unit), Sue Rankin-White (TA Unit), Craig McManus (Fiscal Unit), Deborah Cotter (IL Unit), and Julya Steyh (Data Unit).

PART I: REVIEW OF IDAHO 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 ID:

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

Idaho Administration of the VR and SE Program

IDVR is the designated state unit (DSU) that administers the VR and SE programs for individuals with all disabilities except those who are blind and visually-impaired, and is known as the “general VR agency.” ISBE is the designated state agency for IDVR.

Idaho Performance over the Past Five Years

Based on data provided by IDVR through various RSA reporting instruments, the agency’s employment rate increased from 54.59 percent to 65.95 percent during the period beginning in FY 2004 and ending in FY 2008. Over this same period, the number of applicants for VR services decreased from 6,690 to 6,199, the number of individuals who received services under an individualized plan for employment (IPE) decreased from 3,261 to 3,159, and the number of individuals the agency assisted to achieve employment increased from 1,777 to 2,083. From FY 2004 through FY 2008, the average hourly earnings of those individuals who achieved employment outcomes increased from \$8.88 to \$10.04.

Additionally, during the same period, of those individuals who achieved an employment outcome, the number who achieved a SE outcome increased from 109 to 117. The average hourly earnings for these individuals increased from \$5.87 to \$6.47.

Observations of the Agency and Stakeholders

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

During the review, the agency and its stakeholders made the observations below.

- In an environment of dwindling resources, IDVR partners with other state and local entities, including local school districts, state corrections and mental health facilities to enhance VR service delivery to individuals with disabilities.
- Due to decreases in state budgets, schools districts are increasingly relying on performance results as a benchmark to assess their continued partnership with IDVR.

- IDVR needs to strengthen its collaboration with the two Directors of Special Education within Idaho State Department of Education to provide school districts with current information regarding IDVR services and priorities.
- IDVR is experiencing an increasing number of staff retirements and challenges with the recruitment of replacements.
- There is limited funding available to support SE services with the prospect of additional cuts, creating a waiting list for extended services.
- Individuals with intellectual disabilities have an increasing need for SE and customized employment.

Strengths and Challenges

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

Strengths

Service Delivery to Special Populations: IDVR has been proactive in providing VR services to special populations, including incarcerated individuals, individuals with severe and persistent mental illness (SPMI) and transition-age youths. As part of its interagency agreements, IDVR VR counselors are co-located with mental health facilities, correctional facilities, and schools throughout the state. Strong collaboration is evident by the cross-training of correctional and mental health personnel with IDVR specialty VR counselors.

Organizational Structure: IDVR established an organizational structure to maximize the integration of offices and staff within a geographically large rural state. Each of the three zone managers oversees three regions and assumes some of the central office responsibilities, including participating in weekly management meetings. This structure facilitates policy development and communication, resulting in more transparency and support for supervisors and regional staff. On another level, IDVR established a Field Services Executive Council (FSEC) that is comprised of one nominated VR counselor and VR Assistant from each region. The FSEC provides a voice for the field staff in the agency's overall operation through the review of policy, performance standards, referral processes, and employee recognition.

Technology Utilization to Enhance Communication and Efficiency: IDVR utilizes technology, such as video-conferencing and a paperless case management system (CMS) to improve effectiveness and efficiency within the agency. IDVR utilizes a video-conferencing system for meetings with regional offices that has improved communication throughout the agency. The system has also been used to facilitate webinar training opportunities among staff. IDVR completed testing of its paperless CMS in early 2010, began regional implementation in spring 2010 with plans for statewide implementation. IDVR's CMS utilizes signature pads for electronic signatures at all computers for documents such as applications and IPEs.

Challenges

Human Capital: During FY 2008, IDVR's turnover rate for VR counselors was 17.3 percent while the overall turnover rate for all VR staff was 16 percent. Contributing factors included low wages and staff retirements. As a result of the turnover rate, IDVR has devoted resources to training new employees and VR counselors and to cultivating new relationships with Community Rehabilitation Programs (CRPs). In addition, more administrative responsibilities have been assigned to senior managers. Recruitment of new VR counselors with certified rehabilitation counselor (CRC) credentials has been challenging as the entry level wage of \$37,000 is lower for VR counselors than the wage for VR counselors in the northwest region of the country.

Impact of Funding Reductions: IDVR is experiencing a 7.5 percent state reduction in funding in response to FY 2010 statewide budget cutbacks. As a result of the reduction, IDVR has not been able to fill positions or provide salary increases. IDVR is facing a loss of SE extended services for state FY 2011 despite a current backlog of 425 individuals. IDVR is also challenged to meet its non-Federal share due to decreases in the budgets of partnering agencies that provide matching funds to IDVR, including the ID Department of Corrections (IDOC) and school districts, making it more difficult for IDVR to continue providing services to special populations.

Fiscal Planning: IDVR's fiscal planning activities have focused primarily on monitoring the agency's annual budget and do not include requisite fiscal forecasting.

Acknowledgement

RSA wishes to express appreciation to the representatives of IDVR, ISBE, the Governor's office, the SRC, the SILC, and the stakeholders who assisted the RSA monitoring team in the review of IDVR.

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

VR and SE Program Systems

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

Service Delivery

IDVR is comprised of nine regions and 41 field offices. In FY 2007, IDVR was reorganized to improve communication between central office management and the field offices. IDVR placed three tenured regional managers as zone managers and assigned each one to oversee three regions and provide leadership on some central office responsibilities, including participation in weekly management meetings. The reorganization also established two regions focused on specialized populations, including incarcerated individuals, individuals with SPMI and transition-age youths.

The average caseload size for general VR counselors is approximately 120. In FY 2008, the top three services provided by IDVR were VR counseling and guidance at 99.3 percent, assessment services at 84.8 percent, and transportation services at 42.3 percent. Through interagency agreements, partner agencies provide non-Federal funds that IDVR uses to match Federal Title I funds for the VR program in the amount of \$617,000, representing 16 percent of IDVR's required match for its FY 2009 VR basic support grant.

IDVR has an agreement with the ID Department of Health and Welfare, Division of Behavioral Health, Adult Mental Health (HWBH) to provide VR services to eligible individuals with SPMI. There are seven designated mental health VR counselors co-located with regional mental health agencies or facilities who work in collaboration with mental health courts throughout the state. In FY 2008, individuals with SPMI accounted for 44.8 percent of the total individuals served, compared to 25.1 percent for its peers¹, and 34.3 percent for general VR agencies nationally. Service delivery to this population has increased by 13.5 percent since FY 2004.

IDVR has agreements with three separate divisions within IDOC that work with both juveniles and adults re-entering the community. These agreements were established in response to the number of incarcerated individuals referred to IDVR. IDVR's presence in this area is predominantly based in the Treasure Valley region, a suburb of Boise. IDVR has limited representation in Pocatello. In total, there are six VR counselors co-located within IDOC who meet with individuals 90 days prior to their release to determine eligibility. The leading disabling conditions for those leaving prison are substance abuse and mental health issues.

¹ IDVR'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 Maine, Nebraska, New Mexico, and Oregon (regional proximity).

IDVR has agreements with 11 school districts in both rural and urban areas throughout the state to provide comprehensive VR services to youths with disabilities to prepare them for transition-to-work or post-secondary training. Ten of the 12 IDVR School-to-Work (STW) VR counselors are co-located in schools. In addition, IDVR established an agreement with ID Educational Services for the Deaf and the Blind (IESDB) to provide services to consumers served by both agencies. IDVR begins service delivery with transition-age youths at 16 years of age. In FY 2008, the transition population at application represented the largest group of individuals at 35.9 percent. In FY 2008, transition-age youths with SPMI accounted for 36.5 percent of the total individuals served, compared to 18.8 percent for its peers, and 25.2 percent for general VR agencies nationally.

IDVR also established partnerships with 34 CRPs and 26 IdahoWorks (one-stop career centers) throughout the state. Of the 34 CRPs, 12 are non-profit organizations that include sheltered employment while the remaining 22 are for-profit organizations, providing only SE. The majority of the CRPs are paid under fee-for-service arrangements, while three CRPs receive milestone payments. IDVR VR counselors have an itinerant presence in the majority of IdahoWorks locations except for two offices where they are co-located. Disability program navigators (DPN) from ID Department of Labor (IDOL) regional offices collaborate with IDVR and participate in IDVR's annual in-service training. Because there are no regional workforce boards, the DSA represents IDVR on the statewide ID Workforce Development Council (WDC).

During FY 2008, 5.6 percent of individuals achieving successful employment outcomes were individuals in SE. This percentage is lower than the average of 10.9 percent for combined agencies nationally and lowest among peers at 9.7 percent. The state-funded Extended Employment Services (EES) program funds CRPs to provide either extended services or sheltered employment. One IDVR contract employee administers the program statewide. The average annual cost per individual is approximately \$4,000.

Since FY 2004, the state population increased by 9.4 percent. The Hispanic and American Indian populations comprise the two largest minority groups in ID. The Hispanic population increased over 50 percent in the past ten years. To better serve the Hispanic population, IDVR has five bilingual VR counselors. With the American Indian population, IDVR Regional managers are the designated liaisons to each of the three American Indian Vocational Rehabilitation Services Programs (AIVRS), including the Shoshone/ Bannock Tribe, Nez Perce Tribe, and Coeur d'Alene Tribe.

Personnel

In FY 2008, there were 140 full-time-equivalents (FTEs) in IDVR. The staff breakdown is presented in Table 1.1 below.

**Table 1.1
IDVR Staff for FY 2008**

Staff Position	Number of Staff
Administrative	20
Counselors	67
Support staff	50
Other staff	3
Total	140 FTEs

IDVR has established three levels of qualified rehabilitation professionals for VR counselors that include Vocational Rehabilitation Counselor I (VRC I), VRC II, and VRC III. The comprehensive system of personnel development (CSPD) for VRC I and VRC II positions include the following:

- graduation from a program accredited by the Council on Rehabilitation Education (CORE) with a master’s degree in rehabilitation counseling and a current CRC designation obtained through the Commission on Rehabilitation Counselor Certification (CRCC); or
- graduation from a program accredited by CORE with a master’s degree in rehabilitation counseling; or
- a current Licensed Professional Counselor (LPC) designation issued by the ID Bureau of Occupational Licensing; Rules of the Idaho Licensing Board of Professional Counselors and Marriage and Family Therapists; or
- a bachelor’s degree in related field and a current CRC designation issued by the CRCC.

The CSPD standard for VRC III includes all of the above bullets except graduation from a program accredited by CORE with a master’s degree in rehabilitation counseling.

During FY 2008, the IDVR turnover rate among VR counselors was 17.3 percent. IDVR has increased the starting wage of VR counselors with CRC credentials to \$37,000. IDVR broadened its CSPD standard for VR counselors to include LPC. Over the next five years, the turnover rate is projected to remain high at 15 to 20 percent. Succession planning is guided through the Assistant Regional Manager (ARM) program. Currently, nine mid- and senior-level VR counselors work with regional managers to broaden their leadership skills, rotating every two years.

IDVR’s Organizational Development Specialist identifies training needs of staff through an annual continuing education (CE) needs survey. These results are used to formulate topics for annual in-service training. When VR counselors identify a training need not met by IDVR, they complete an online request.

Data and Case Management

IDVR purchased a commercially-available CMS, referred to by the agency as Gemini. The system is web-based and has been modified from its original configuration. Gemini contains a

feature that enables IDVR staff and help desk personnel to operate their computers and obtain technical support from a remote location.

Gemini is a paperless CMS and its hardware includes a scanner to input documents electronically such as medical records. The agency can then upload these files as MS Excel or MS Word files that are screen-readable, and then attach them directly to the service record.

Numerous reports are available upon request. VR counselors can run queries associated with their caseloads. Additional queries are run via a third-party database product, Tableau, allowing end-users to report from database views.

Gemini tracks consumer service budgets and automatically posts them when authorizations are created or adjusted. In addition, VR counselors can authorize payments in Gemini, but the payment requests are communicated into a separate Financial Accounting Management Information System (FAMIS) at night where it is then processed and sent to Statewide Accounting and Reporting System (STARS) for payment. FAMIS is used for financial management of payroll and administrative costs. IDVR's financial reports are generated by both Gemini and FAMIS.

Quality Assurance

IDVR monitors and evaluates its internal service delivery system primarily through multi-level service record reviews. The quality assurance (QA) safeguards include critical case management series of template that outlines promising practices at each service juncture, closure checklists that monitor the various elements required by law, and regional audits conducted by the agency's management team. IDVR conducts consumer satisfaction surveys of individuals who participated in the VR program.

Planning

IDVR's strategic planning process utilizes input from internal and external sources, including management, the SRC, the FSEC, community resource partners, consumer surveys, and statistical data. This information is incorporated into the agency state strategic plan and VR State Plan. IDVR incorporates the results of the comprehensive statewide needs assessment (CSNA) into the State Plan. The status on the progress of the goals of the State Plan is shared with agency staff through quarterly management meetings, new staff orientation, intranet, and regional staff meetings. With fiscal planning, IDVR integrates its approved budget to reconcile against expenditures from budget categories and cash receipts from Gemini, FAMIS, and the STARS system.

The SRC meets quarterly and receives updates from central office staff, tracks the performance of regions through standards and indicators, and receives updates on personnel issues. The SRC and IDVR jointly assess progress on the states goals and priorities.

VR and SE Program Performance

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

**Table 1.2
Program Highlights for IDVR for SE and VR Programs for 2004 through FY 2008**

Program Highlights	2004	2005	2006	2007	2008
Total funds expended on VR and SE	\$15,816,776	\$17,001,383	\$17,094,667	\$16,738,089	\$15,673,708
Individuals whose cases were closed with employment outcomes	1,777	1,907	1,996	2,120	2,083
Individuals whose cases were closed without employment outcomes	1,484	1,356	1,197	1,117	1,076
Total number of individuals whose cases were closed after receiving services	3,261	3,263	3,193	3,237	3,159
Employment rate	54.49%	58.44%	62.51%	65.49%	65.94%
Individuals whose cases were closed with supported employment outcomes	109	90	111	140	117
New applicants per million state population	4,360	3,840	3,517	3,470	3,748
Average cost per employment outcome	\$2,720	\$3,111	\$2,924	\$2,925	\$2,851
Average cost per unsuccessful employment outcome	\$1,700	\$1,860	\$1,948	\$2,079	\$2,125
Average hourly earnings for competitive employment outcomes	\$8.88	\$9.17	\$9.28	\$9.77	\$10.04
Average state hourly earnings	\$14.10	\$14.74	\$15.38	\$16.03	\$16.26
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	63%	62%	60%	61%	62%
Average hours worked per week for competitive employment outcomes	32.2	31.9	31.8	31.8	32.0
Percent of transition age served to total served	31.52%	34.32%	34.04%	32.65%	35.87%
Employment rate for transition population served	52.92%	57.95%	61.27%	66.60%	63.46%
Average time between application and closure (in months) for individuals with competitive employment outcomes	19.9	20.3	20.7	20.3	20.9
Performance on Standard 1	Met	Met	Met	Met	Met
Performance on Standard 2	Met	Met	Met	Met	Met

Areas of Consistently High or Improved Performance

1. Employment Outcomes and Employment Rate

As Table 1.2 above indicates, employment outcomes increased from 1,777 in FY 2004 to 2,083 in FY 2008, a 17.2 percent increase. In addition, the same table indicates that IDVR consistently increased its employment rate from 54.5 percent to 65.9 percent during the same period. Table 1.3 below compares IDVR's employment rate to the general agencies nationally and peer averages. Specifically, there was an 11.4 percent increase since FY 2004 compared to a 6.4 percent increase in general VR agencies nationally and a 4.4 percent increase in peers during the same period.

**Table 1.3
IDVR Employment Rate for FY 2004 through FY 2008**

Employment Rate	2004	2005	2006	2007	2008	Change from 2004
IDVR	54.5%	58.4%	62.5%	65.5%	65.9%	11.4%
National general agencies	52.1%	57.7%	57.5%	59.2%	58.4%	6.4%
Peer agencies	55.8%	58.5%	62.6%	61.6%	60.3%	4.4%

In further breaking down the employment rate and employment outcomes by disability type, Table 1.4 indicates that there was a consistent yearly increase in employment outcomes for the mental/psychosocial population. The employment rate increased 13.6 percent since FY 2004 while employment outcomes increased 45.4 percent. Some contributing factors for this increase can be attributed to having the interagency agreement in place between IDVR and HWBH, collaborating with mental health courts, and establishing a specialized regional focus on the mental health population.

**Table 1.4
IDVR Closure Performance for Mental and Psychosocial Impairments for FY 2004 through FY 2008**

Closure Performance	2004	2005	2006	2007	2008	Change from 2004
IDVR employment rate	48.4%	53.5%	57.9%	59.1%	62.0%	13.6%
National general agencies employment rate	47.0%	52.0%	51.7%	53.3%	51.9%	4.9%
IDVR employment outcomes	603	683	737	784	877	45.4%

2. SSI/SSDI Employment Rates

Table 1.5 indicates that the employment rate for Supplemental Security Income (SSI) recipients, Social Security Disability Insurance (SSDI) beneficiaries, and individuals who received both SSI and SSDI increased between FY 2004 and FY 2008. Specifically, there was a 14.9 percent increase among SSI recipients, a 12.0 percent increase among SSDI beneficiaries, and a 17.3

percent increase among those receiving both SSI and SSDI from FY 2004 to FY 2008. One contributing factor for this increase was that IDVR established a benefits specialist counselor who provided information to SSI recipients and SSDI beneficiaries.

**Table 1.5
IDVR Employment Rate for SSI Recipients and SSDI Beneficiaries for FY 2004 through FY 2008**

Employment Rates	2004	2005	2006	2007	2008	Change from 2004
SSI recipients	45.1%	47.6%	54.2%	50.5%	60.0%	14.9%
SSDI beneficiaries	47.9%	57.0%	62.1%	63.7%	59.8%	12.0%
SSI recipients and SSDI beneficiaries	33.8%	47.4%	48.7%	58.6%	51.1%	17.3%
SSI national general agencies	39.1%	43.2%	43.6%	45.4%	46.7%	7.6%
SSDI national general agencies	45.7%	49.1%	50.1%	52.3%	53.6%	7.9%
SSI and SSDI national general agencies	37.1%	41.5%	41.6%	42.1%	42.5%	5.4%

3. Transition Employment Rate

Table 1.6 indicates that the employment rate for the transition population increased between FY 2004 and FY 2008. Specifically, there was a 10.5 percent increase since FY 2004. In FY 2008, the employment rate was 63.5 percent, which is higher than both the peers and general agencies nationally. IDVR indicated that the implementation of eleven STW agreements throughout the state contributed to the increase.

**Table 1.6
IDVR Employment Rate for Transition-Age Youths (Ages 14-24) Using Age at Application for FY 2004 through FY 2008**

Employment Rates	2004	2005	2006	2007	2008	Changes from 2004
IDVR	52.9%	57.9%	61.3%	66.6%	63.5%	10.5%
National general agencies	50.1%	55.8%	55.6%	56.1%	55.5%	5.4%
Peer agencies	54.9%	55.8%	59.9%	57.9%	57.2%	2.3%

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 IDVR take specific steps to improve the agency's performance associated with each of the observations.

1. Quality Assurance

Observation: Although IDVR has a QA system in place, RSA's review of that system did not demonstrate that the QA processes are integrated in such a way as to allow IDVR to assess the internal service delivery, including services provided under cooperative agreements, and the external services provided by local CRPs. As a result, IDVR cannot effectively evaluate the agency's cost effectiveness and programmatic performance on an ongoing basis.

- IDVR's QA system primarily focuses on service record reviews and consumer satisfaction surveys. IDVR has developed templates to facilitate the service record review process at multiple levels. IDVR utilizes the results of the reviews to develop staff training plans and policies.
- IDVR does not evaluate the outcomes achieved by VR counselors providing services under the cooperative agreements compared to VR counselors providing services outside of the cooperative agreements.
- IDVR's processes to evaluate the CRPs' performance consist of assessing their accreditation as established by Commission on Accreditation of Rehabilitation Facilities (CARF) and Rehabilitation Services Accreditation System (RSAS). IDVR has designated a staff person as a liaison to the CRPs whose primary role is to ensure that services with the CRPs are delivered consistent with IDVR standards. The agency has not clearly specified in its agreements and in its interactions with the CRPs the performance information required to evaluate service provision. Therefore, CRPs are providing minimal information with their invoices. IDVR produces a quarterly performance report that provides an overview of the number of consumers served and costs of services per CRP. VR counselors report providing a list of CRPs in the surrounding area to consumers to promote informed choice, but they do not have performance data and cannot assess cost effectiveness.
- In FY 2005, IDVR initiated a pilot project to provide installment payment incentives to participating CRPs rather than the traditional fee-for-service. Currently, there are three CRPs participating in this initiative. IDVR has not yet determined the effectiveness of this pilot.

Recommendations: RSA recommends that IDVR:

- 1.1 expand existing QA processes beyond service record reviews and consumer satisfaction surveys to assess the effectiveness of internal service delivery;
- 1.2 evaluate the outcomes achieved by VR counselors providing services under the cooperative agreements compared to VR counselors providing services outside of the cooperative agreements;
- 1.3 develop consistent performance standards and reporting requirements for CRPs and implement the vendor evaluation system to assess CRP performance; and
- 1.4 evaluate the effectiveness of the pilot project to determine whether or not to implement it statewide.

2. Inappropriate Referrals to the VR Program

Observation: In FY 2008, a high percentage of the individuals referred to IDVR did not meet the VR eligibility criteria. As a result of the time spent to process the large number of ineligible individuals, staff resources were diminished.

- In FY 2008, 22.9 percent of IDVR applicants exited due to “no impediment to employment” compared to 6.3 percent of the applicants in general agencies nationally.
- Counselors indicated that both the corrections system and courts in ID refer many individuals to IDVR as a means to secure additional community resources. They also stated that many individuals leaving the correctional institutions have drug or alcohol issues but have no impediment to employment. IDVR indicated that while it has attempted to provide information to referral sources about the VR eligibility criteria, it continues to receive high numbers of referrals that are not eligible for services.

Recommendations: RSA recommends that IDVR:

- 2.1 review its public information materials to ensure the eligibility criteria are clearly stated;
- 2.2 consider developing a checklist as a resource to be used by the courts and corrections for determining if an individual is an appropriate VR referral; and
- 2.3 conduct periodic meetings with referral sources to educate them about the VR eligibility criteria.

VR/SE Program Compliance Findings and Corrective Actions

As a result of its review activities, RSA identified the following compliance findings and corrective actions that IDVR is required to undertake. IDVR 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 the final report and is available to provide technical assistance to assist the agency in the development of the plan and the implementation of the corrective actions.

1. Third-Party Cooperative Arrangement Between IDVR and the ID Educational Services for the Deaf and the Blind (IESDB)

Legal Requirement:

34 CFR 361.28 states:

Third-party cooperative arrangements involving funds from other public entities.

- (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 the agency but are new services that have a vocational

- rehabilitation 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 requiring in §361.25, the State unit must obtain a waiver of statewideness, in accordance with §361.26.

Finding 1: IDVR has failed to comply with 34 CFR 361.28(a)(1) and (2) with regard to its third-party cooperative arrangement with IESDB for the Post-Secondary Transition Program (PSTP) because: 1) the PSTP services provided by IESDB, the cooperating agency, are not new or expanded services; and 2) the services are not provided solely to IDVR applicants and consumers.

Based on RSA's review of the written agreement defining the third-party cooperative arrangement between IDVR and IESDB for the PSTP, the agreement does not include a description of the services that are to be provided by IESDB or the individuals to be served under the cooperative arrangement. Instead, the agreement only lists the procedures for coordination of services between IDVR and IESDB for those individuals who are mutual consumers. RSA received confirmation by IESDB Special Program Coordinator via teleconference on June 23, 2010 that the PSTP is the primary service provided by the two transition specialists at IESDB under the agreement. According to the PSTP program overview document, provided by IESDB on June 16, 2010, and reviewed by RSA, the following are PSTP program activities:

- Presentations to students, schools, agencies, parents, organizations, etc. related to transition issues;
- Individual transition planning to identify goals;
- Task analysis of goals so as to provide support and guidance for goal attainment;
- Connecting agencies and community resources to provide support needed for goal attainment;
- Scaffolding experiences designed to lead to goal attainment;
- Coordinate and provide training/workshops, etc. to develop background knowledge and skills; and
- Job development and coaching, tutor program management, financial aid, scholarship, and developmental therapy assistance, college orientation, mentoring, and serving as a liaison between students and University/College Disability Services.

While some of the above-listed activities have a VR focus, not all of them do, as required by 34 CFR 361.28(a)(1). IESDB staff confirmed to RSA, that these are the customary services provided by the PSTP and that they have not been modified to have a VR focus for purposes of the third-party cooperative arrangement with IDVR. Furthermore, IESDB staff confirmed that all students in the PSTP program participate in the same activities, regardless of whether they are

applicants for or consumers of IDVR. The PSTP is not limited to IDVR consumers or applicants, as required by 34 CFR 361.28(a)(2). In fact, only 189 – or 49.5 percent -- of the 382 students participating in the PSTP at the time of the on-site review could be identified as applicants for or recipients of VR services. For these reasons, IDVR has failed to comply with 34 CFR 361.28.

Corrective Actions: IDVR must:

- 1.1 cease providing non-VR services and services to non-VR applicants or consumers under the PSTP third-party cooperative arrangement between IDVR and IESDB;
- 1.2 revise its third-party cooperative arrangement document to describe the scope of services offered through the third-party cooperative arrangement with IESDB to make it clear that the PSTP services provided under the third-party cooperative arrangement must be either new services or modified services with a VR focus, as required by 361.28(a)(1); and
- 1.3 revise its third-party cooperative arrangement document, and take the steps necessary, to ensure that only applicants for or recipients of VR services are served under the agreement with IESDB, as required by 361.28(a)(2).

2. Application for VR Services

Legal Requirement: According to Section 102(a)(6) of the Act, Timeframe for making an eligibility determination: The designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this title within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless-

- (A) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or
- (B) the designated State unit is exploring and individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2)(B).

34 CFR 361.41(b)(1) - Once an individual has submitted an application for vocational rehabilitation services, including applications made through common intake procedures in One-Stop centers established under section 121 of the Workforce Investment Act of 1998, an eligibility must be made within 60 days.

34 CFR 361.41(b)(2) - An individual is considered to have submitted an application when the individual or the individual's representative, as appropriate –

- (i)(A) Has completed and signed and agency application form;
- (B) Has completed a common intake application form in a One-Stop center requesting vocational rehabilitation services; or
- (C) Has otherwise requested services from the designated State unit;
- (ii) Has provided to the designated State unit information necessary to initiate an assessment to determine eligibility and priority for services; and
- (iii) Is available to complete the assessment process.

Finding 2: IDVR is not in compliance with Section 102(a)(6) of the Act and 34 CFR 361.41(b)(2) because Section 5.2 of the IDVR policy manual titled “Assessment for determining eligibility and priority for services,” states the following:

Eligibility for IDVR service shall be determined within a reasonable period of time, not to exceed 60 days after the application for services has been received (signed and dated) unless the following occurs:

- A. The applicant is notified that exceptional and unforeseen circumstances beyond control of IDVR preclude the counselor from completing the determination within the prescribed time frame and the applicant agrees that an extension of time is warranted; or
- B. A trial work experience including an exploration of the individual’s abilities, capabilities, and capacity to perform in work situations is carried out; or
- C. An extended evaluation is necessary.

Senior IDVR managers and VR counselors confirmed during the on-site review that IDVR applies the 60-day timeline from application to eligibility only when the application is signed and not at the time that an individual, or his representative, may otherwise request services to initiate an assessment to determine eligibility pursuant to 34 CFR 361.41(b)(2)(i)(C).

Corrective Action 2: IDVR must take the steps necessary to ensure that the 60-day eligibility timeline begins either at the time the individual or the applicant’s representative, as appropriate, completes and signs the application, or otherwise makes a request services from IDVR, as required by Section 102(a)(6) of the Act and 34 CFR 361.41(b)(2), and revise its policy accordingly.

Technical Assistance and Continuing Education

This section of the chapter describes the TA provided by RSA to IDVR 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 “IDVR Response.”

TA Provided

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

- communication with IdahoWorks to ensure that VR counselors are provided private offices to ensure the confidentiality of VR consumers;
- the year in which all VR counselors achieve CSPD standard to be incorporated into the State Plan;
- the need to communicate regularly with ICBVI to meet the state maintenance of effort (MOE) requirement;
- the strategic planning process to establish measurable goals and performance measures and the incorporation of goals and measures into the VR State Plan;
- the federal requirements for third-party cooperative arrangements;

- the legal requirements for securing allowable non-Federal funds for match proposed under the VR program;
- the protocol to amend the State Plan;
- the need to update the agreement between IDVR and CAP; and
- the use of RSA's management information system (MIS) to produce Quick Tables to compare agency data to peer states, as well as locating promising practices identified by RSA to assist the agency in improving performance.

Continuing Education

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

- SE;
- improving service delivery to individuals with a substance abuse diagnosis;
- job development and job placement;
- social security including ticket to work program; and
- disability etiquette.

VR Area for Further Review

RSA plans on conducting further review of the Idaho Consolidated Services (ICS) domain. The ICS domain is used by the state agencies within the network, of which IDVR is a participating agency. Prior to the onsite, IDVR expressed concerns related to its participation in the network. Therefore, during the on-site visit, RSA met with IDVR staff. They indicated that the state Department of Administration (DoA) has access to IDVR's encrypted e-mails, files and folders. Furthermore, staff indicated that IDVR cannot monitor the information that is accessed. As a result of the information learned onsite, IDVR provided RSA a copy of the ICS Domain Acceptable Use Policy for review. In addition, RSA conducted a follow-up call with representatives of the DoA who indicated that the domain is strictly monitored by the state Office of the Chief Information Officer and that a policy has been implemented to ensure that the users' privilege level is commensurate with the policy. Since IDVR's concerns conflict with DoA's assurance of the user access parameters, RSA has determined the need for further review of this issue.

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

RSA reviewed IDVR'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

IDVR receives a single state appropriation at the beginning of the state fiscal year for all programs that it administers. Fiscal processes are conducted in the state office in Boise. The agency has limited flexibility with utilization of funds across budget categories due to restrictions imposed by the ID legislature.

IDVR 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 maintenance of effort (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 percentages are taken from the RSA-2 report.

**Table 2.1
Vocational Rehabilitation Fiscal Table
Fiscal Data for IDVR for FY 2004 through FY 2008**

ID-G					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	11,984,177	12,515,781	12,956,248	13,768,856	13,995,167
Federal Expenditures	11,984,177	12,515,781	12,956,248	13,768,856	13,995,167
Required Match	3,243,494	3,387,371	3,506,583	3,726,514	3,787,764
Actual Match	3,101,743	3,639,722	3,412,231	3,726,514	3,787,764
Over (Under) Match	(141,751)	252,351	(94,352)	0	0
Carryover at 9/30 (year one)	523,744	0	348,617	951,287	2,944,819
Program Income	404,896	548,880	777,805	151,770	538,595
Maintenance of Effort (MOE)	3,164,921	3,257,123	3,101,743	3,639,722	3,412,231
Administrative Costs	1,446,542	1,166,561	1,463,234	1,469,351	1,379,618
*Total Expenditures	15,816,776	17,001,383	17,094,667	16,738,089	15,673,708

Percent Admin Costs to Total Expenditures	9.1%	6.9%	8.6%	8.8%	8.8%
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*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 IDVR take specific steps to improve the agency’s performance associated with each of the observations.

1. Fiscal Planning

Observation: IDVR engages in a fiscal planning process that includes management of its approved budget, reconciled against expenditures from budget categories and cash receipts from Gemini, FAMIS, and the STARS systems. The list below includes additional factors that must be incorporated into IDVR’s fiscal planning process.

- The current fiscal plan does not project resources and expenditures beyond the current budget year, limiting IDVR’s ability to plan for future fiscal years and adjust to potential challenges, shifts in the state budget or agency priority changes, including legislative constrictions that result in limited flexibility in shifting funds across categories.
- IDVR’s carryover balances have grown from \$0 in FY 2005 up to \$3.8 million in FY 2009, representing 26.8 percent of its federal award. IDVR must request permission from the ID legislature to increase its carryover spending authority to utilize these funds.
- In FY 2004, IDVR did not meet its match requirement by \$141,750, causing the state to miss its match requirement. In FY 2006, IDVR did not meet its match requirement by \$94,352. Despite ICBVI spending \$58,687 above its match requirement, the state did not meet its match requirement by \$35,665. (Since both match and MOE are state requirements, ICBVI expenditures of funds are included in the determination of whether the state has met these requirements.)
- Discussions with staff indicate that IDVR and ICBVI management and fiscal staff are not communicating to ensure that the state’s match and MOE requirements are met consistently.

Recommendations: RSA recommends that IDVR:

- 1.1 develop and implement a comprehensive fiscal planning process that incorporates projected resources and expenditures for multiple fiscal years, including plans to spend down an increasing carryover balance, to adjust to changing economic conditions and agency priorities while managing limited resources;
- 1.2 implement policies or procedures that include ongoing reviews of non-Federal funds to ensure that the agency meets its match requirement in future years; and
- 1.3 establish policies or procedures to facilitate collaboration with ICBVI management and fiscal staff to ensure that the state match and MOE requirements are met.

Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that IDVR is required to undertake. IDVR 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 IDVR to develop the plan and undertake the corrective actions. RSA reserves the right to pursue enforcement action, including the recovery of Title I VR and Title VI Part B SE funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. IESDB Third-Party Cooperative Arrangement

Legal Requirements:

34 CFR 361.12 states:

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 361.28 states:

- (a) The designated State unit may enter into a third-party cooperative arrangement for providing or administering [VR] 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 [VR] 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 361.60 states, in pertinent part:

- (a) *Federal Share* – (1) *General*. Except as provided in paragraph (a)(2) of this section, the Federal share for expenditures made by the State under the State

plan, including expenditures for the provision of vocational rehabilitation services and the administration of the State plan is 78.7 percent.

(b) Non-Federal share.

- (1) General. Except as provided in paragraph (b)(2) and (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.
- (2) Third party in-kind contributions. Third party in-kind contributions specified in 34 CFR 80.24(a)(2) may not be used to meet the non-Federal share under this section.

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.

Finding 1: IDVR has entered into a third-party cooperative arrangement (TPCA) with IESDB for the Post-Secondary Transition Program (PSTP) and is not in compliance with 34 CFR 361.12, 34 CFR 361.28(a), and 34 CFR 80.20(a) because: 1) the services provided under the TPCA do not constitute new or modified services with a VR focus, as required by 34 CFR 361.28(a)(1); 2) the services are provided to individuals who are not IDVR applicants or consumers, in violation of 34 CFR 361.28(a)(2); 3) the staff providing services under the TPCA are not under the administrative supervision of the DSU, as required by 34 CFR 361.28(a)(3); and 4) the staff providing services under the TPCA are not keeping track of their time spent serving IDVR consumers and applicants, which would be necessary for IDVR to account accurately for VR funds expended under the TPCA, as required by 34 CFR 361.12 and 34 CFR 80.20(a). In addition, IDVR's TPCA with IESDB lacks a detailed budget, making it difficult for IDVR to verify and account for expenditures under the TPCA as allowable expenditures, as required by 34 CFR 361.12 and 34 CFR 80.20(a).

As discussed in more detail in Finding #1 of Chapter 1 (Part I), many of the services provided under the TPCA were not allowable VR services and the individuals receiving those services were not solely IDVR applicants and consumers, as required by 34 CFR 361.28(a)(1) and (2), respectively. After the on-site visit, RSA reviewed documents provided by IESDB staff that indicated only 189 — 49.5 percent -- of the 382 students participating in PSTP were VR consumers or applicants. This means that only 49.5 percent of the time that the two transition specialists working under the TPCA should have been charged against the contract if the specialists were keeping track of their time, as required by 34 CFR 361.12 and 34 CFR 80.20(a), which they were not doing. RSA reviewed an invoice, dated July 27, 2010, that certified that 90 percent of the transition specialists' time was spent serving IDVR consumers and applicants. The invoice charged the VR program, pursuant to the contract that implemented the TPCA with

IESDB to run PSTP, \$75,281.07 and \$63,041.40 for personnel costs for the two transition specialists. This total of \$138,322.47 in personnel costs represents 90 percent of the total \$153,691.63 IESDB incurred in personnel costs for the two transition specialists. However, IESDB should have charged only \$76,077.36 – 49.5 percent of the total personnel costs incurred by IESDB – against the IDVR contract since the data provided by IESDB indicated that only 49.5 percent of the individuals participating in PSTP were IDVR consumers or applicants. Of the \$76,077.36 that should have been charged for personnel costs under the contract, \$59,872.88 – 78.7 percent – should have been paid with Federal funds and \$16,204.48 – 21.3 percent – should have been paid with non-Federal funds, pursuant to 34 CFR 361.60(a)(1) and (b)(1). This means that an excess of \$62,245.11 in personnel costs were charged against the contract (\$138,322.47 charged - \$76,077.36 = \$62,245.11) that should not have been charged. The \$62,245.11 in excess personnel costs charged against the contract were not allowable under the VR program and may not be used for satisfying IDVR’s match requirement under the VR program.

RSA interviewed IDVR staff during the on-site visit, and afterward communicated with IESDB staff, about IDVR’s role in the supervision of staff and expenditures under the TPCA, as required by 34 CFR 361.28(a)(3). Staff from both agencies confirmed to RSA that the two transition specialists providing services under the TPCA are supervised by the IESDB Director of Outreach Systems – not IDVR. RSA was told during these interviews that IDVR does not have any role with the hiring, supervising, or performance evaluations of these two individuals, as is required by 34 CFR 361.28(a)(3). IESDB performs all of these responsibilities. Furthermore, the contracts that RSA reviewed while onsite is consistent with the information staff told RSA during the interviews. Therefore, IDVR has failed to comply with 34 CFR 361.28(a)(3).

Finally, the contract between IDVR and IESDB, signed on January 4, 2010 and January 8, 2010 by the appropriate parties, does not contain a detailed budget that identifies services provided, the cost to provide the services, and the fund source attributable to each service. Moreover, the staff providing the services under the contract are not keeping track of their time spent serving IDVR consumers and applicants. Without this detailed supporting documentation, IDVR is not able to properly account for all expenditures under the TPCA as being allowable under and allocable to the VR program, as is required by 34 CFR 361.12 and 34 CFR 80.20(a). In fact, as described above and in Finding #1 in Chapter 1 (Part I), the information RSA reviewed onsite made it clear that IESDB was providing services under the contract that were not new or modified with a VR focus to individuals who were not applicants for or consumers of IDVR, despite the fact that IESDB was charging 90 percent of these personnel costs against the VR contract. The lack of the detailed budget and supporting documentation made it impossible for IDVR to properly account for all funds expended under the TPCA, as required by 34 CFR 361.12 and 34 CFR 80.20(a), and is, therefore, out of compliance.

Corrective Action 1: IDVR must:

- 1.1 cease using Title I VR funds to pay for expenditures incurred under TPCAs that are not used to provide VR services to VR applicants and consumers, as required by 34 CFR 361.3 and 34 CFR 361.28(a);

- 1.2 cease accepting certified time spent on services that are not directly proportional to the time spent on providing services to eligible individuals, as required by 34 CFR 361.3 and the Federal cost principles of OMB Circular A-87, Attachment A;
- 1.3 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report that it will comply with 34 CFR 361.12, 34 CFR 361.28(a), and 34 CFR 80.20(a) regarding funds associated with TPCAs, and that contracts implementing TPCAs satisfy 34 CFR 80.36(a) and State procurement rules and procedures;
- 1.4 be responsible for conducting administrative supervision of the staff providing services under the TPCA, as required by 34 CFR 361.28(a)(3);
- 1.5 be responsible for the administrative supervision of program expenditures through accurate financial accounting of funds for services provided under the third-party cooperative arrangement, including documentation that ensures that only allowable services are provided to eligible individuals pursuant to the contract (*Id.*); and
- 1.6 ensure that IDVR staff approve invoices for payment only after verifying those services have been provided and that the invoices are accurate and complete with sufficient supporting documentation.

2. Non-Allowable Match Source – Contributions by CRP Consortium

Legal Requirements:

34 CFR 361.3 states:

Authorized activities.

The Secretary makes payments to a State to assist in--

- (a) The costs of providing vocational rehabilitation services under the State plan; and
- (b) Administrative costs under the State plan.

34 CFR 361.60(b), in pertinent part, states that:

- (b) *Non-federal share – (1) General.* Except as provided in paragraph (b) (2) and (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.

- (3) *Contributions by private entities.* Expenditures made from contributions by private organizations, agencies, or individuals that are deposited in the account of the State agency or sole local agency in accordance with State law and that are earmarked, under a condition imposed by the contributor, may be used as part of the non-Federal share under this section if the funds are earmarked for –

- (iii) Any other purpose under the State plan, provided the expenditures do not benefit in any way the donor, an individual with whom the donor is related by blood or marriage or with whom the donor has a close personal relationship, or an individual, entity, or organization with whom the donor shares a financial interest. The Secretary does not consider a donor's receipt from the State unit of a grant, subgrant, or contract with funds allotted under this part to be a benefit for the purposes of this paragraph if the grant, subgrant, or contract is awarded under the State's regular competitive procedures.

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 2: In FYs 2005 and 2007, IDVR received \$75,000 and \$28,874.59, respectively, from Idaho Association of Community Rehabilitation Programs (IACRP), currently known as ACCSES Idaho, a consortium of non-profit CRPs that provides services to VR consumers. IACRP provided the \$75,000 and \$28,874.59 to IDVR to use towards satisfying its match requirement under the VR program. By using these IACRP funds for match under the VR program, IDVR drew down \$277,112.67 in FY 2005 and \$106,686.86 in FY 2007 in Federal VR funds and provided these funds, totaling \$383,799.53, back to IACRP, upon the CRP's submission of a form called "Individual Facility Request for IDVR Grant," without going through the State's competitive procurement procedures. The CRPs utilized these funds for expenditures associated with, but are not limited to, building maintenance, purchase of heating/air conditioning units, floor mats, and computer equipment, as well as costs related to conference registration and airfare to the conference.

Federal regulations require IDVR to satisfy its non-Federal share obligation of 21.3 percent of allowable costs made under the VR State Plan with non-Federal expenditures (34 CFR 361.60(b) and 34 CFR 80.24(a)(1)). In general, IDVR may not use non-Federal funds contributed by a private third party, such as IACRP, if that entity, or another entity with which that entity has a financial relationship, such as the CRPs, is going to benefit from the donation. The only exception is if that private entity receives funds from IDVR pursuant to IDVR's competitive procurement process (34 CFR 361.60(b)(3)(iii)). In this case, neither IDVR claims, nor the funding documents awarded by IDVR indicate, that IDVR awarded these funds, drawn down as a result of the match funds received from IACRP, to the CRPs pursuant to the State's competitive procurement process. Therefore, IDVR was not allowed, pursuant to 34 CFR 361.60(b)(3)(iii), to use the IACRP funds for match purposes since the CRPs benefitted from that donation without having gone through the State's competitive procurement procedures.

Alternatively, 34 CFR 361.60(b)(3)(i) permits IDVR to accept match funds from CRPs for purposes of using those funds to establish, develop, or improve a CRP, pursuant to 34 CFR 361.49(a)(1). When RSA inquired of the authority IDVR was using to award the funds, drawn down as a result of the match funds provided by IACRP, to the CRPs, neither the IDVR director nor his administrative staff cited this authority for the awarding of Federal funds to the CRPs or the collection of match funds from IACRP. RSA staff have pored through hundreds of pages of funding award documents and emails, and there is no evidence that IDVR used the authority to establish, develop, or improve a CRP to accept match funds from IACRP and award Federal funds to the CRPs. In order to use this authority to establish, develop, or improve a CRP, IDVR would have had to satisfy certain preliminary requirements, which it did not do.

Section 101(a)(15) of the Rehabilitation Act and 34 CFR 361.29 require that IDVR engage in substantial planning prior to starting any establishment activities. IDVR, together with its SRC, must conduct a CSNA of VR needs in the State every three years and include the results of that needs assessment in its State Plan (section 101(a)(15)(A) of the Rehabilitation Act and 34 CFR 361.29(a)). The assessment must include whether there is a need for IDVR to establish, develop, or improve a CRP (section 101(a)(15)(A)(ii) of the Rehabilitation Act and 34 CFR 361.29(a)(1)(ii)). IDVR must use the results from the CSNA to develop goals and priorities for carrying out its VR program (section 101(a)(15)(C) of the Rehabilitation Act and 34 CFR 361.29(c)). IDVR must develop strategies for how it will address the identified VR needs within the State and achieve its goals and priorities, including the establishment, development, or improvement of a CRP (section 101(a)(15)(D)(iii) of the Rehabilitation Act and 34 CFR 361.29(d)(3)). RSA's review of IDVR's State Plans for the affected fiscal years did not contain information from the triennial CSNA that identified there was a need for IDVR to establish, develop, or improve a CRP, nor did it outline goals and priorities or strategies that included the establishment, development, or improvement of a CRP as required by section 101(a)(15) of the Rehabilitation Act and 34 CFR 361.29.

IDVR also must develop and maintain written policies covering the nature and scope of VR services that will be provided to groups of individuals with disabilities, including those involving the establishment, development, or improvement of CRPs (34 CFR 361.49(b)(1)). These policies also must set forth the criteria under which these services will be provided (*Id.*). The policies that RSA reviewed did not meet these requirements.

RSA's review indicates that IDVR failed to engage in these initial required steps – determining whether there is a need to establish, develop, or improve a CRP, developing goals, priorities and strategies to meet those needs, and developing policies that outline the nature and scope of these services as well as the criteria under which they will be provided. Without satisfying these requirements, IDVR could not use VR funds under section 103(b)(2)(A) of the Rehabilitation Act and 34 CFR 361.49(a)(1) to establish, develop, or improve a CRP. Even if IDVR had met these requirements, RSA also has concerns with whether some of the activities funded, as identified above, were allowable under the VR program. In order to determine the level of non-compliance with regard to these activities, RSA will need further information from IDVR, as described in the corrective actions below.

Finally, RSA seeks to clarify with IDVR how it awards funds to the CRPs. Throughout this monitoring process, IDVR has referred to the awarding of these funds to the CRPs as “grants.” RSA is unclear as to whether IDVR's use of the term “grant” in this context is synonymous with “contract,” or whether IDVR is indeed subgranting funds, as that term is defined at 34 CFR 80.3. Neither Title I of the Rehabilitation Act nor the VR regulations gives IDVR the authority to subgrant its Federal VR funds. Without this specific program authority, IDVR may not rely on subgranting provisions in EDGAR (34 CFR 76.50(b)(2)). To ensure that IDVR follows allowable procedures for the use of its VR funds, RSA has included in the corrective actions outlined below an assurance that IDVR will not subgrant its VR funds (corrective action 2.1(e)). Competitive awards must be made via contracts. RSA will provide more specific technical assistance to IDVR on this issue as needed.

Corrective Action 2: IDVR must:

- 2.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will:
- a. use only allowable non-Federal expenditures for satisfying the non-Federal share requirements of the VR program, as required by 34 CFR 361.60(b);
 - b. use non-Federal funds provided by IACRP or the CRPs for satisfying the VR match requirements only to the extent that those non-Federal funds comply with 34 CFR 361.60(b)(3);
 - c. comply with the initial planning requirements, set forth at section 101(a)(15) of the Rehabilitation Act, 34 CFR 361.29, and 34 CFR 361.49(b), prior to engaging in any activities to establish, develop, or improve a CRP;
 - d. ensure that all activities to establish, develop, or improve a CRP comply with the requirements of 34 CFR 361.49(a)(1) and 34 CFR 361.5(b)(17) and (18);
 - e. use competitive procurement processes to award contracts – not grants, since grants are not permitted under the VR program (34 CFR 76.50(b)(2)) – to CRPs and other vendors; and
 - f. develop and implement policies and procedures, if not already done, as required by 34 CFR 361.49(b), prior to engaging in activities to establish, develop, or improve a CRP; submit the policies and procedures to RSA to ensure completion of this corrective action; and
- 2.2 submit documentation to explain the authority under which IDVR collected match funds from IACRP and awarded VR funds to the CRPs. If IDVR claims that it was permitted to award the funds to the CRPs, pursuant to 34 CFR 361.60(b)(3)(iii), IDVR must submit evidence to demonstrate that the funds were awarded to the CRPs in accordance with the State’s competitive procurement procedures. If IDVR cites the authority to establish, develop, or improve a CRP, pursuant to section 103(b)(2)(A) of the Act and 34 CFR 361.49(a)(1), IDVR must provide documentation to demonstrate that it had complied with all of the preplanning requirements described above, including copies of its relevant policies and procedures, results of the relevant triennial CSNA, and State Plan attachments for the affected years.

3. Failure to Monitor Grant Activities

Legal Requirement:

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 3: IDVR is not in compliance with 34 CFR 80.40(a) because it does not conduct monitoring activities of its IESDB contract, or services provided from CRPs, to ensure that grant-supported activities performed by the contractors comply with applicable Federal requirements, and that performance goals are achieved.

As the recipient of Federal funds, IDVR is required to monitor and manage the daily operations of all grant-supported activities (34 CFR 80.40(a)). The IESDB services and the CRP services constitute grant-supported activities and must be monitored by IDVR to ensure they comply with all applicable Federal requirements. While onsite, RSA noted that the IESDB contract does not specify the services to be provided, the consumers to be served, or the performance targets to be achieved. The contract also fails to specify the monitoring and evaluation procedures IDVR would use to monitor the services provided under the contracts. IDVR also did not have its own monitoring procedures in place that it could have used to monitor the services provided by IESDB, or any of the CRPs that provide services to IDVR consumers, to ensure that funds expended were for allowable services for eligible consumers of the VR program. As a result of IDVR's failure to monitor the activities under the contracts, as required by 34 CFR 80.40(a), IDVR inappropriately charged expenditures to the VR program that were not allowable, as discussed further in Finding 1 above. Therefore, IDVR has failed to comply with 34 CFR 80.40 and has failed to ensure that grant-supported activities conducted by the contractors comply with applicable Federal requirements, and that performance goals are achieved.

Corrective Action 3: IDVR must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that IDVR will comply with 34 CFR 80.40(a), to ensure that it will monitor all grant supported activities to assure compliance with applicable Federal requirements and that performance goals are achieved; and
- 3.2 develop and implement policies and procedures to monitor the activities and services of all CRPs that provide services to IDVR consumers, including those through the IESDB contract to ensure that: 1) the services provided are allowable under the VR program and provided only to eligible VR consumers; and 2) performance goals are achieved.

4. Match Deficit

34 CFR 361.60(b)(1) states that:

- (b) *Non-federal share – (1) General.* Except as provided in paragraph (b)(2) and (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.

34 CFR 361.64 states:

Obligation of Federal funds and program income.

- (a) Except as provided in paragraph (b) of this section, any Federal funds, including reallocated funds, that are appropriated for a fiscal year to carry out a program under this part that are not obligated by the State by the beginning of the succeeding fiscal year and any program income received during a fiscal year that is not obligated by the State by the beginning of the succeeding fiscal year remain available for obligation by the State during that succeeding fiscal year.
- (b) Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the State met the matching requirement for those Federal funds by obligating, in accordance with 34 CFR 76.707, the non-Federal share in the fiscal year for which the funds were appropriated.

34 FR 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 4: IDVR is not in compliance with 34 CFR 361.60(b)(1), 34 CFR 361.64(b), and 34 CFR 80.24(a) because the 4th quarter SF-269s for FYs 2004 and 2006, periods ending September 30, 2004 and September 30, 2006, respectively, indicate that IDVR did not meet its match obligations under the VR program for those years.

Federal regulations at 34 CFR 361.60 require that IDVR 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)). Furthermore, 34 CFR 361.64(b) requires IDVR to provide sufficient non-Federal expenditures or obligations, in the year in which the Federal grant is appropriated, in order to carry over unobligated Federal VR funds into the subsequent fiscal year. The 4th quarter SF-269 reports submitted by IDVR for FYs 2004 and 2006, as described below, revealed that IDVR failed to obligate the requisite amount of non-Federal funds for match purposes needed in each of those years to carry over Federal VR funds into the next fiscal year.

In FY 2004, IDVR submitted a 4th quarter (period ending 9/30/04) SF-269 report indicating that it had expended \$3,101,743 toward the non-Federal share, with \$0 in recipient share of unliquidated obligations still outstanding. IDVR's reporting of no outstanding non-Federal unliquidated obligations indicated that IDVR had provided all of the non-Federal share of expenditures for match purposes under the VR program for that fiscal year, since match must be provided in the year in which the funds are awarded (34 CFR 361.60(b)(1)). The same report indicated that IDVR had drawn down a total of \$11,984,177 in Federal VR funds, of which IDVR had expended \$11,460,433. IDVR reported that it carried over the remaining Federal funds of \$523,744 into FY 2005. However, \$3,101,743 in non-Federal expenditures reported as being incurred by IDVR in FY 2004 was only sufficient to match \$11,460,433 in Federal expenditures. IDVR should have provided an additional \$141,750 in non-Federal expenditures, which it did not, to match the \$523,744 carried over into FY 2005. Therefore, IDVR failed to provide the requisite non-Federal funds for the Federal VR funds drawn down, as required by 34 CFR 361.60(b)(1) and 34 CFR 80.24(a), and failed to provide the requisite match amount to carry over Federal funds into the subsequent fiscal year, as required by 34 CFR 361.64(b).

In FY 2006, IDVR submitted a 4th quarter (period ending 9/30/06) SF-269 report indicating that it had expended \$3,412,231 toward the non-Federal share, including \$0 in recipient share of unliquidated obligations still outstanding. IDVR's reporting of no outstanding non-Federal unliquidated obligations indicated that IDVR had provided all of the non-Federal share of expenditures for match purposes under the VR program for that fiscal year, since match must be provided in the fiscal year for which funds are awarded (34 CFR 361.60(b)(1)). The same report indicated that IDVR had drawn down a total of \$12,956,248 in Federal VR funds, of which IDVR had expended \$12,607,631. IDVR reported that it carried over the remaining Federal

funds of \$348,617 into FY 2007. However, \$3,412,231 in non-Federal expenditures reported as being incurred by IDVR in FY 2006 was only sufficient to match \$12,607,631 in Federal expenditures. IDVR should have provided an additional \$94,352 in non-Federal expenditures, which it did not, to match the \$348,617 carried over into FY 2007. Therefore, IDVR failed to provide the requisite non-Federal funds for the Federal VR funds drawn down, as required by 34 CFR 361.60(b)(1) and 34 CFR 80.24(a), and failed to provide the requisite match amount to carry over Federal funds into the subsequent fiscal year, as required by 34 CFR 361.64(b).

For the foregoing reasons, IDVR has failed to comply with 34 CFR 361.60(b)(1), 34 CFR 361.64(b), and 34 CFR 80.24(a) and corrective actions must be taken.

Corrective Action 4: IDVR must:

- 4.1 cease carrying over Federal funds into the subsequent Federal fiscal year when those funds have not been matched with the requisite non-Federal expenditures from the fiscal year in which the funds were awarded, as required by 34 CFR 361.60(b)(1) and 34 CFR 361.64(b); and
- 4.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that IDVR will comply with 34 CFR 361.60(b), 34 CFR 361.64(b), and 34 CFR 80.24(a) to ensure that IDVR provides sufficient non-Federal funds to match the Federal VR funds drawn down and carried over into the subsequent fiscal year.

5. Failure to Expend Program Income before Drawing Down Federal Funds

Legal Requirement:

34 CFR 80.21(f) in pertinent part states:

(f) Effect of program income, refunds, and audit recoveries on payment.

(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 5: IDVR is not in compliance with 34 CFR 80.21(f)(2) because it draws down Federal VR funds to cover expenditures despite the fact that program income remains available for disbursement, since IDVR restricts the use of program income only for certain types of expenditures – namely direct client services.

During the on-site visit, IDVR staff informed RSA that IDVR has consistently stated in its budget requests that it will spend program income in only the client services category, rather than in all VR expenditure categories. The State legislature reviews and approves the budget requests, which includes the limitation on program income expenditures. This practice, as described by the IDVR staff, is consistent with information that RSA found on the State's website at:

<http://www.legislature.idaho.gov/budget/publications/PDFs/FiscalSourcebook/2007/Education/VocRehab.pdf>

The website states that program income, including that received by IDVR from SSA for Social Security reimbursements (account code 0288-00), “are expended from this account for direct services for Vocational Rehabilitation clients to assist them to enter productive employment or to live more independently.”

While it appears from the data that RSA reviewed, as well as the information provided by IDVR staff, that IDVR disburses all program income prior to drawing down Federal VR funds to cover direct client services expenditures, it does not ensure that all program income has been disbursed prior to drawing down Federal funds to cover other expenditures, e.g., personnel costs. As a result, IDVR may have a balance of program income still on the books when it draws down Federal VR funds. During discussions about this issue, while onsite, IDVR staff informed RSA that IDVR would need to seek legislative approval of the current proposed budget in order to use program income across all VR budget categories, rather than only direct client services. IDVR also said it would need to revise the payment software in order for program income to be used across all VR budget categories prior to drawing down Federal VR funds.

As a recipient of Federal VR funds, IDVR is required to: 1) have administrative procedures in place that ensure financial accountability (34 CFR 361.12), and 2) comply with the requirements set forth in 34 CFR Part 80 (34 CFR 361.4(a)(5)). Federal regulations at 34 CFR 80.21 require IDVR to minimize the time that elapses between the time it draws down Federal funds and the disbursement of those funds (34 CFR 80.21(b)). To ensure this basic standard of cash management, 34 CFR 80.21(f)(2) requires IDVR to disburse program income prior to drawing down Federal funds. This means that IDVR must disburse all program income prior to requesting any Federal VR funds. By restricting program income to only one VR budget category, IDVR has failed to comply with 34 CFR 80.21(f)(2). In doing so, IDVR has violated a basic Federal cash management principle which prohibits IDVR from taking possession of Federal funds sooner than necessary to pay expenditures incurred, since IDVR is drawing down Federal funds to pay for personnel and other VR costs when program income remains available on the books.

Corrective Action 5: IDVR must:

- 5.1 cease drawing down Federal VR funds prior to disbursing all available program income;
- 5.2 provide a written assurance to RSA within 10 days of the final monitoring report that it will disburse all program income before drawing down any Federal VR funds, as required by 34 CFR 80.21(f)(2); and
- 5.3 take the necessary steps to receive legislative approval and update the payment system so that IDVR will be able to use program income across all VR budget categories, in accordance with the requirements of 34 CFR 80.21(f)(2).

6. Failure to Submit Accurate RSA-2 and SF-269 Reports

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), in pertinent part, requires that:

- (a) A state must exp[er]nd 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:

- (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.

Finding 6: IDVR is not in compliance with the requirements of 34 CFR 361.12 and 34 CFR 80.20(a) because IDVR failed to submit accurate RSA-2 and SF-269 reports for FYs 2004 through 2008. In particular, IDVR failed to report accurately the amount of indirect costs expended for FYs 2004 through 2008 on the RSA-2 report. It also failed to report accurately the indirect cost base, program income, match, and other expenditures on SF-269 reports for FYs 2004 through 2008.

- For FYs 2004 through 2008, Schedule I of the RSA-2 report indicated that IDVR expended \$0 in the indirect costs; however, RSA’s review of IDVR’s workpapers, supporting the data entered on the RSA-2, indicated that IDVR had actually expended between \$218,000 and \$575,000 each year in indirect costs. Therefore, the RSA-2 reports submitted by IDVR for those years did not accurately reflect the actual indirect costs incurred by the agency under the VR program, as required by 34 CFR 361.12 and 34 CFR 80.20(a).
- RSA noted that IDVR reported some expenditures twice on the SF-269 reports submitted for FYs 2004 through 2008. In particular, IDVR reported non-Federal funds received from TCPAs for match purposes, as the “recipient share of outlays,” as well as “total program income realized.” Matching funds received as part of a TPCA are considered to be “recipient share of outlays” – not program income, and should not be reported as such on RSA financial reports. As a result, IDVR’s SF-269 reports for those years did not accurately reflect the program income funds received from activities in the VR program or the recipient share of outlays.

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)). IDVR, 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)). IDVR's inaccurate reporting of indirect costs results in an inaccurate report of the expenditures that IDVR incurred in each of those years. Similarly, the improper classification of income received and expenditures incurred reported to RSA does not accurately reflect IDVR's income and outlays. 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, IDVR'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 Act. By submitting inaccurate reports, IDVR has failed to comply with the requirements of 34 CFR 361.12 and 34 CFR 80.20(a).

Corrective Action 6: IDVR must:

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report indirect costs, all non-Federal expenditures, program income, as well as all financial activities, completely and accurately on the SF-269/FFR-425 reports, and indirect costs on the RSA-2 report, as required by 34 CFR 361.12 and 34 CFR 80.20;
- 6.2 revise the RSA-2 reports for FYs 2004 through 2008, as necessary, to reflect the accurate indirect costs for each of those Federal fiscal years; and
- 6.3 revise the SF-269 reports for FYs 2004 through 2008, as necessary, to accurately reflect the program income earned.

Technical Assistance and Continuing Education

This section of the chapter describes the technical assistance (TA) provided by RSA to IDVR 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 "IDVR Response."

TA Provided

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

- a synopsis of each requirement, and reviewed with ICBVI RSA's assessment of the agency's compliance with specific financial requirements – match, MOE, carryover, reallocation, and program income;
- the use of Social Security reimbursement program income transfers to the OIB program to offset unexpected costs associated with the program;
- the requirement of the DSU to monitor grant supported activities, including those identified in service contracts;
- the reporting of program income as earned when it is received;
- the requirement to disburse program income before requesting federal draw downs;
- sources of match including TPCAs and the distinction from inter-agency transfers of funds;
- regulations and requirements for TPCAs;

- the importance of collaborating with ICBVI to ensure state fiscal requirements including match and MOE are met;
- the expenditure of all funds in support of VR activities on the SF-269 and FFR-425;
- the analysis of data quality indicators between employment outcomes for individuals served under cooperative agreements and those served by VR Counselors outside of cooperative agreements to determine the efficacy of each service modality; and
- the need to complete the debarment/suspension certification for each contractor at procurement or contract execution.

Continuing Education

During the course of the review, IDVR and stakeholder representatives, requested that agency personnel receive continuing education related to fiscal management in the areas of:

- financial reporting including the SF-269 and FFR-425;
- regulations regarding TPCAs;
- linking federal VR program regulations with the Act; and
- allowable sources of match.

CHAPTER 3: PROGRESS TOWARD REDRESSING FINDINGS FROM PRIOR RSA REVIEWS

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

Corrective Action Plan

Through the implementation and completion of the Corrective Action Plan, IDVR successfully resolved compliance findings in the following programmatic and fiscal areas:

- presumption of eligibility;
- assessment;
- design of IPE to achieve specific employment outcomes;
- identification and provision of needed services;
- amendment of IPE;
- employment outcome consistent with employment goal in IPE;
- satisfactory duration of employment;
- satisfaction with employment outcome;
- policies;
- limits on services;
- statewideness of service provision;
- individuals working on more than one federal award;
- required reporting of fee-for-service program income;
- SF-269; and
- RSA-2.

PART II: REVIEW OF IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (ICBVI) EXECUTIVE SUMMARY

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

- 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.

Idaho Administration of the VR, SE, and OIB Programs

ICBVI, the separate DSU for individuals who are blind and visually-impaired, is an independent commission that administers the VR, SE, IL Part B, and OIB programs. ICBVI is led by a five-member Board representing different regions of the state and appointed by the Governor. ICBVI is housed within the Governor's office, and the Board has direct oversight of the DSU Administrator.

ICBVI Performance over the Past Five Years

Based on data provided by ICBVI through various RSA reporting instruments, the agency's employment rate increased from 66.7 percent to 75.2 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 181 to 194, the number of individuals who received services under an IPE decreased from 108 to 105, and the number of individuals the agency assisted to achieve employment increased from 72 to 79. From FY 2004 through FY 2008, the average hourly earnings of those individuals who achieved employment outcomes increased from \$11.19 to \$12.61.

Observations of the Agency and Stakeholders

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

During the review, the agency and its stakeholders made the observations below.

- The lack of public transportation presents a barrier to individuals with disabilities seeking employment in rural areas of the state.
- CRPs lack an awareness of the full potential that can be achieved by individuals with blindness that may result in inappropriate job coach matches.
- ICBVI is currently updating its CMS, but VR counselors are not able to generate reports.
- Automating and updating the CMS will lighten the VR counselors' workload by enabling them to share more information.

- ICBVI has increased the utilization of the Assessment and Training Center (ATC) without having to increase the number of staff. The increase in utilization can be attributed to ICBVI branching out to serve a broader population beyond transition-age youths. Training is available to students on a part-time basis.
- ICBVI implemented innovative strategies to provide services to transition-age youths such as ICBVI's Summer Work Experience Program (SWEP) and College Days.
- The assistive technology (AT) program within the Low Vision Clinic based in Boise is an asset to assist individuals with limited resources to obtain the technology they need to adjust to low vision. However, individuals in rural areas have limited access to AT.

Strengths and Challenges

Based on the observations from the agency and its stakeholders and other information gathered through the review process, RSA concluded that ICBVI 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

Assessment and Training Center: Participants at the ATC, housed within ICBVI's headquarters, indicated that the basic training provided at ATC contributed to their basic skill development and enhanced their employability. From FY 2007 to FY 2009, the ATC enrollment consistently increased from 24 to 47 participants and is currently operating at full capacity.

Summer Transition Programs: ICBVI enhanced its service delivery to transition-age youths through two summer transition programs. The SWEP was established during the mid 1990's and is designed to help transition students gain work experience by working in competitive jobs during the week. ICBVI partners with IDOL to procure competitive jobs. Students are placed in employment working 30 hours per week over a six week period and concurrently learn social skills, resume writing, and computer skills to prepare them for the workforce. College Days, established in 2008, is another transition program that is designed to inform and prepare college bound consumers for post-secondary education. The program consists of technology demonstrations, hands-on technology training, and introductions to alternative skills for the transition to college.

Challenges

Case Management System: ICBVI is redesigning its CMS due to limitations with its current Disk Operating System (DOS). There has been a lengthy redesign period resulting in extended implementation. ICBVI's current system cannot generate reports needed to evaluate internal and external service delivery. For example, the system does not have the capacity to track outcomes for the ATC or the summer transition programs.

Outreach and Formal Agreements: ICBVI has not formalized its outreach activities to community partners, employers and agencies to educate them about ICBVI services and issues

regarding blindness. As a result, ICBVI has not established agreements with key partners including IESDB, ID WDC, the Coeur d'Alene Tribe, and eye doctors throughout the state.

Impact of Funding Reductions: ICBVI is experiencing an 8.4 percent state reduction in funding in response to the FY 2010 statewide budget cutbacks. As a result of the reduction, ICBVI was not able to provide salary increases and lost two FTEs. ICBVI experienced reduced funding to the state-funded sight restoration program.

OIB Administration Reporting: ICBVI has not been accurately reporting staff FTE in its annual reporting.

Acknowledgement

RSA wishes to express appreciation to the representatives of ICBVI, the Governor's Office, the SILC, and the stakeholders who assisted the RSA monitoring team in the review of ICBVI.

CHAPTER 1: VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS OF ICBVI

VR and SE Program Systems

The following sections of this chapter describe the manner in which ICBVI 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

ICBVI is comprised of six regional offices located in Boise, Idaho Falls, Twin Falls, Lewiston, Coeur d'Alene, and Pocatello, with the Boise office also serving as the location for the training center and administrative office.

The average caseload size for VR counselors is approximately 44 individuals. The VR counselors convene as a group during monthly conference calls and during the annual in-service training to discuss VR issues and policies. In FY 2008, the three leading services provided by ICBVI were assessment services, VR counseling and guidance, and AT. ICBVI provides AT services to 74.3 percent of the individuals served, compared to 42.2 percent for blind agencies nationally. However, ICBVI reports there is a need to provide more AT services, especially in rural areas of the state where resources are more limited.

The Boise ICBVI office houses a residential and day-time student training facility known as the ATC. The ATC includes a 14-room dormitory and a year round training program consisting of four 11-week terms. In FY 2009, the ATC was operating at full capacity with 47 students, 22 full-time and 25 part-time. ATC students generally attend an average of two terms. The ATC staff includes a manager and seven instructors.

In FY 2008, transition-age youths accounted for 19.1 percent of the total individuals served, compared to 13.1 percent for its peers², and 14.3 percent for blind agencies nationally. ICBVI conducts two summer programs for transition-age youths, the SWEP and College Days. The SWEP, in partnership with IDOL, is designed to assist transition-age youths to gain experience by working in competitive jobs. College Days is designed to prepare college-bound youths for post-secondary education. During summer of 2009, 19 students participated in SWEP, and 10 students participated in College Days.

ICBVI established partnerships with CRPs and IdahoWorks. During FY 2009, ICBVI partnered with 18 CRPs that provided services to 8.6 percent of ICBVI consumers. The CRPs are paid under fee-for-service agreements that provide services in the following areas: job evaluation, job coaching, job placement, follow-along, and job retention. ICBVI VR counselors do not maintain

² ICBVI's peer agencies include the blind agencies in the following states: South Dakota, Maine, Vermont, and Nebraska.

a physical presence at the 26 IdahoWorks locations. However, they maintain contact with IdahoWorks staff and are available for consultation.

ICBVI receives \$3,000 for the SE program to serve only individuals with developmental disabilities. During FY 2008, 5.1 percent of the total individuals achieving successful employment outcomes were individuals in SE. This percentage is higher than the 2.5 percent average for blind agencies nationally and the 4.2 percent for peers.

In 2008, the CSNA highlighted the need for ICBVI to increase communication about the services it provides. In response to this need, ICBVI used ARRA funds to employ a business consultant to develop public service announcements and videos designed to promote the VR program. In addition, ICBVI incorporated outreach activities into the VR counselors' performance evaluations.

Personnel

In FY 2008, there were 40 FTEs in ICBVI. The staff breakdown is presented in Table 1.1 below. The 20 counselor positions included seven VR counselors, five VR assistants, and eight rehabilitation teachers who provided OIB, IL, and VR services.

Table 1.1
ICVBI Staff for FY 2008

Staff Position	Number of Staff
Administrative	7
Counselors	20
Support staff	11
Other staff	2
Total	40 FTEs

ICBVI has established two levels for counselors, the VR counselor and the senior VR counselor. Currently, among the seven VR counselor positions, five are senior VR counselors, one is a VR counselor, and one position is vacant. The CSPD standard for senior VR counselor position is CRC while the CSPD standard for a VR counselor position is a bachelor's degree in a related field. The University of ID, in Moscow, the only university in the state that provides a master's degree in rehabilitation counseling, does not provide VR-specific training. ICBVI has established a six-year timeframe for VR counselors to pursue a CRC.

During FY 2008, the ICBVI turnover rate was 7.7 percent. From FY 2004 to FY 2008, the staff salary level increased five percent each year, and employees had the option to pursue a flex-time work schedule. Over the next five years, the turnover rate is projected to remain low. As part of its succession planning, ICBVI is currently providing tuition support for two staff members in a master's degree in rehabilitation counseling at the University of ID and Utah State University, and one staff in an O&M master's program.

Data and Case Management

In FY 2007, ICBVI transferred from a DOS-based to a web-based system. Using ARRA funds, ICBVI is developing and implementing a CMS designed from the system currently in place. The system will have increased data availability, data integration and security, and will be launched later in the current calendar year.

The current DOS-based CMS has limited capacity with respect to the number of reports available to management and VR counselors. Limitations include: lack of reports on program data or VR counselor performance appraisals, inability to query the data, and a lack of utility for VR counselors to access and manage their caseloads.

The release of the new system will promote greater capability and efficiency in the following areas: availability of reports to track consumer progress and caseload management, ability for management to assess program performance, ability to run ad hoc queries using Pivot Tables, access to data for the ATC, and increased security.

In the fiscal area, the CMS was modified, effective December, 2009 to show fiscal transactions, including payment to vendors. Although VR counselors cannot check the status of their purchase orders through the system, they are able to access their authorizations. ICBVI captures the time distribution of staff across programs. However, these data are not maintained in CMS, but rather in a separate system.

Quality Assurance

ICBVI monitors and evaluates its internal service delivery system through service record reviews of closed records, tracking of staff training needs through an annual survey, and annual performance reviews. ICBVI maintains weekly contacts with the CRPs and describes this contact as its method for reviewing external service delivery. In addition, during its quarterly meetings, the ICBVI Board receives feedback from the Administrator, consumer groups and other stakeholders.

Planning

ICBVI's strategic planning process utilizes internal and external sources including feedback from employees, ICBVI Board, and CSNA results. This feedback is incorporated into both the State Plan and strategic plan for FY 2010-2014. The strategic plan details goals for each ICBVI program that are aligned with the broader agency goals of the State Plan. The ICBVI Board receives periodic updates on the strategic plan.

VR and SE Program Performance

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

Table 1.2
Program Highlights for ICBVI for VR and SE Programs for FY 2004 through FY 2008

Program Highlights	2004	2005	2006	2007	2008
Total funds expended on VR and SE	\$2,023,590	\$2,425,597	\$2,255,535	\$2,470,124	\$2,589,036
Individuals whose cases were closed with employment outcomes	72	59	79	91	79
Individuals whose cases were closed without employment outcomes	36	24	30	50	26
Total number of individuals whose cases were closed after receiving services	108	83	109	141	105
Employment rate	66.67%	71.08%	72.48%	64.54%	75.24%
Individuals whose cases were closed with supported employment outcomes	0	0	6	7	4
New applicants per million state population	114	111	85	89	117
Average cost per employment outcome	\$4,424	\$2,494	\$4,106	\$3,603	\$4,257
Average cost per unsuccessful employment outcome	\$2,423	\$2,470	\$4,095	\$2,036	\$3,374
Average hourly earnings for competitive employment outcomes	\$11.19	\$11.70	\$9.47	\$11.07	\$12.61
Average state hourly earnings	\$14.10	\$14.74	\$15.38	\$16.03	\$16.26
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	79%	79%	62%	69%	78%
Average hours worked per week for competitive employment outcomes	28.9	27.9	27.0	30.1	28.2
Percent of transition age served to total served	13.89%	10.84%	17.43%	21.99%	19.05%
Employment rate for transition population served	20.00%	66.67%	57.89%	67.74%	75.00%
Average time between application and closure (in months) for individuals with competitive employment outcomes	26.0	22.1	29.4	28.3	26.7
Performance on standard 1	Met	Not Met	Met	Met	Met
Performance on standard 2	Not Met				

Areas of Consistently High or Improved Performance

1. Employment in an Integrated Setting

Table 1.3 indicates that ICBVI increased the percentage of individuals who achieved employment in an integrated setting and who had competitive employment outcomes by 6.9 percent since FY 2004.

Table 1.3
ICBVI Percent Closed with Employment in an Integrated Setting with Competitive Employment for FY 2004 through FY 2008

Employment Outcomes	2004	2005	2006	2007	2008	Change from 2004
ICBVI	77.8%	81.4%	79.7%	77.9%	84.7%	6.9%
National blind agencies	84.2%	83.5%	83.3%	84.6%	85.1%	0.9%
Peer agencies	90.3%	77.7%	75.2%	85.3%	85.7%	-4.6%

2. Homemaker Closures

As Table 1.4 below indicates, since FY 2004, there was a decrease of 32.6 percent in the percentage of homemaker closures, from 28 to 5 individuals. Agency staff attributed this decrease to more stringent reviews by the Rehabilitation Services Chief monitoring IPEs containing homemaker goals.

Table 1.4
ICBVI Homemaker Closures for FY 2004 through FY 2008

Homemaker Closures	2004	2005	2006	2007	2008	Change from 2004
Homemaker closures	28	16	14	12	5	-23
Agency total closed with employment	72	59	79	91	79	+7
Percent homemakers closed with employment of the agency total	38.9%	27.1%	17.7%	13.2%	6.3%	-32.6%

3. Transition Employment Rate

Table 1.5 below indicates that ICBVI increased the employment rate for transition-age youths from FY 2004 to FY 2008 by 55 percent. ICBVI indicated that factors contributing to this included working with students as early as 14 years of age and increasing participation in IEP meetings.

Table 1.5
ICBVI Employment Rate for Transition-Age Youths (Ages 14-24) Using Age at Application for FY 2004 through FY 2008

Transition Closures	2004	2005	2006	2007	2008	Change from 2004
ICBVI	20.0%	66.7%	57.9%	67.7%	75.0%	55.0%
National blind agencies	49.5%	48.0%	52.5%	55.9%	53.4%	3.9%
Peer agencies	57.1%	45.1%	51.4%	67.1%	59.7%	2.6%

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 ICBVI take specific steps to improve the agency's performance associated with each of the observations.

1. Quality Assurance

Observation: ICBVI's QA activities are limited to monitoring and evaluating its internal service delivery system through service record reviews of closed records, tracking staff training needs through an annual survey, and conducting annual performance reviews. These activities do not provide sufficient information or data to assess internal and external service delivery. As a result, ICBVI cannot effectively evaluate the agency's cost effectiveness and programmatic performance on an ongoing basis.

- ICBVI manually maintains limited information on consumers served at the ATC. The CMS does not have the capability to track ATC outcomes. In addition, ICBVI has not administered a consumer satisfaction survey for students enrolled in the ATC program.
- ICBVI cannot measure the impact of its two summer transition programs, SWEP and College Days. Stakeholders including schools, CRPs, and IdahoWorks commented favorably on the summer transition programs, but ICBVI does not have data to support these positive observations.
- ICBVI cannot measure the cost effectiveness and impact of services provided through its 18 CRPs. Currently, the VR counselors in each region maintain weekly contacts with CRPs that provide monthly progress reports, but this information has limited utility when assessing CRP performance.

Recommendations: RSA recommends that ICBVI:

- 1.1 ensure that the modifications to the CMS incorporate tracking capabilities for the ATC;
- 1.2 develop and implement a QA system to assess the services provided by the ATC, including administering a consumer satisfaction survey to all students leaving the program;
- 1.3 develop and implement a method to assess the performance of the summer transition programs; and

- 1.4 develop and implement uniform standards and procedures for assessing performance of CRPs to include tracking of referrals, consumer satisfaction, hours worked, wages earned, and outcomes achieved.

2. Interagency Collaboration

Observation: ICBVI has not established formal agreements or partnerships with several key entities, including IESDB, the ID WDC, CRPs, the Consortium of Idahoans with Disabilities (CID), and eye doctors. As a result of the lack of formal agreements and partnerships, there is a lack of understanding of blindness issues among partners that impacts service delivery to consumers.

- ICBVI does not have a cooperative agreement with IESDB. However, the communication between the two has improved in identifying students who might benefit from each agency's services. The referral process has been inconsistent through the state.
- There is currently no cooperative agreement between ICBVI and the ID WDC. Therefore, in the absence of the agreement, there is no formal referral process or procedures for handling consumers served by each agency. In addition, there is no mechanism for ICBVI to communicate the needs and concerns of individuals who are blind or visually-impaired through its ISBE liaison on the WDC Board.
- Due to ICBVI's limited outreach efforts to educate CRPs and other stakeholders about blindness issues, individuals who are blind or visually-impaired have complained about poor service delivery, particularly related to job placements by CRPs and the provision of AT. ICBVI is planning a joint training with CRPs to increase effectiveness in assisting individuals who are blind or visually impaired.
- Stakeholders report that eye doctors in several parts of the state have limited awareness of ICBVI's programs and services.
- ICBVI does not routinely consult with the director of the CAP on its policies, procedures and the State Plan.

Recommendations: RSA recommends that ICBVI:

- 2.1 develop and implement a cooperative agreement with IESDB that includes the roles and responsibilities of each agency;
- 2.2 develop and implement a cooperative agreement with ID WDC and increase efforts to improve the working relationship with ID WDC to address the needs of individuals who are blind or visually impaired;
- 2.3 increase efforts to improve outreach efforts to CRPs and other stakeholders regarding the needs of individuals who are blind or visually impaired, particularly in the areas of job placement and AT;
- 2.4 develop and implement marketing strategies to eye doctors throughout the state to increase the awareness of ICBVI's programs and services; and
- 2.5 develop and implement a method to consult with the CAP on policies, procedures and the State Plan.

VR/SE Program Compliance Findings and Corrective Actions

As a result of its review activities, RSA identified the following compliance findings and corrective actions that ICBVI is required to undertake. ICBVI 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 the final report and is available to provide TA to assist the agency in the development of the plan and the implementation of the corrective actions.

1. Information and Referral

Legal Requirement: 34 CFR 361.41(a) - The designated State unit must establish and implement standards for the prompt and equitable handling of referrals of individuals for vocational rehabilitation services, including referrals of individuals made through the One-Stop service delivery systems established under section 121 of the Workforce Investment Act of 1998. The standards must include timelines for making good faith efforts to inform these individuals of application requirements and to gather information necessary to initiate an assessment for determining eligibility and priority for services.

Finding 1: ICBVI is not in compliance with 34 CFR 361.41(a) because it has not established, in its policy manual, standards for information and referral for prospective VR consumers. ICBVI has an informal standard whereby VR counselors are to contact consumers within one week following the receipt of the referral.

Corrective Action 1: ICBVI must take the steps necessary to establish standards outlining the information and referral process within the ICBVI policy manual, including timelines for contacting individuals following receipt of referrals, as required by 34 CFR 361.41(a).

2. Application for VR Services

Legal Requirement: According to Section 102(a)(6) of the Act, Timeframe for making an eligibility determination: The designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this title within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless-

- (A) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or
- (B) the designated State unit is exploring and individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2)(B).

34 CFR 361.41(b)(1) - Once an individual has submitted an application for vocational rehabilitation services, including applications made through common intake procedures in One-Stop centers established under section 121 of the Workforce Investment Act of 1998, an eligibility must be made within 60 days.

34 CFR 361.41(b)(2) - An individual is considered to have submitted an application when the individual or the individual's representative, as appropriate –

- (i)(A) Has completed and signed and agency application form;
- (B) Has completed a common intake application form in a One-Stop center requesting vocational rehabilitation services; or
- (C) Has otherwise requested services from the designated State unit;
- (ii) Has provided to the designated State unit information necessary to initiate an assessment to determine eligibility and priority for services; and
- (iii) Is available to complete the assessment process.

Finding 2: ICBVI is not in compliance with Section 102(a)(6) of the Act and 34 CFR 361.41(b)(2) because within the ICBVI Application (Status 02) chapter of the ICBVI Policy Manual, it states: “A person with a disability is considered to have applied for vocational rehabilitation services with ICBVI when that person has completed and signed the Application and signed the Clients Rights & Responsibilities.” Based on this policy statement, the agency does not consider the application to be submitted (beginning the 60-day time period for the determination of eligibility) if the individual, or his representative, has otherwise requested VR services as permitted under 34 CFR 361.41(b)(2)(i)(C).

Corrective Action 2: ICBVI must take the steps necessary to ensure that the 60-day eligibility timeline begins either at the time the applicant, or the applicant's representative, as appropriate, completes and signs the application, or otherwise requests services from ICBVI, as required by Section 102(a)(6) of the Act and 34 CFR 361.41(b)(2), and revise its policy accordingly.

3. Financial Participation

Legal Requirement: 34 CFR 361.54(b)(3)(ii) - The designated State unit may not apply a financial needs test, or require the financial participation of the individual 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 3: ICBVI is not in compliance with 34 CFR 361.54(b)(3)(ii) because within Maintenance section (#10) of the ICBVI Payment Policy chapter of the ICBVI Policy Manual, it states the following: “If the client receives SSI and / or SSDI, these funds must be used for Room & Board for post secondary education costs”.

In addition, the same section includes a subsection titled “Maintenance for ATC” which states the following:

If the client receives SSI or SSDI, ICBVI usually will not provide maintenance for the time spent at the ATC as these funds are provided by Social Security for basic living expenses. However, if special circumstances are present, then the VR counselor, in consultation with the Rehab Services Chief, will determine if maintenance is to be paid

to the client for incidental expenses while participating in ATC and the dollar amount allowed up to the maximum.

An example of special circumstances would be if a client has to continue renting in their hometown and this requires expenditure of their SSI or SSDI funds.

During the on-site review, ICBVI acknowledged that the SSI and/or SSDI contribution is not mandatory in practice, but rather the VR counselor together with the consumer explores whether SSI and/or SSDI funds can be contributed toward maintenance costs. However, its policy as written does not comply with 34 CFR 361.54(b)(3)(ii) since it is imposing a condition upon furnishing this VR service for individuals that receive social security benefits.

Corrective Action 3: ICBVI must take the steps necessary to ensure that individuals receiving SSI and/or SSDI benefits are not required to use these funds to pay for room and board for post-secondary education costs and ATC maintenance costs, as required by 34 CFR 361.54(b)(3)(ii), and revise its policy accordingly.

4. Cooperative Agreement with Grants to American Indian VR Programs

Legal Requirement: According to Section 101(a)(11)(F) of the Act and 34 CFR 361.24(c), Cooperative Agreement with recipients of grants for services to American Indians: In applicable cases, the State Plan shall include an assurance that the State entered into a formal cooperative agreement with each grant recipient in the State that receives funds under part C. The agreement shall describe strategies for collaboration and coordination in providing vocational rehabilitation services to American Indians who are individuals with disabilities, including –

- (i) Strategies for interagency referral and information sharing that will assist in eligibility determinations and the development of individualized plans for employment;
- (ii) Procedures for ensuring that American Indians who are individuals with disabilities and are living near a reservation or tribal service area are provided vocational rehabilitation services; and
- (iii) Provisions for sharing resources in cooperative studies and assessments, joint training activities, and other collaborative activities designed to improve the provision of service to American Indians who are individuals with disabilities.

Finding 4: ICBVI is not in compliance with section 101(a)(11)(F) of the Act and 34 CFR 361.24(c) because it does not have a formal mechanism for ensuring collaboration between IESDB and Coeur d’Alene Tribe, a section 121 grant recipient in ID. A formal cooperative agreement has not been developed and implemented.

Corrective Action 4: ICBVI must take the steps necessary to complete a cooperative agreement with Coeur d’Alene Tribe, a section 121 grantee in Idaho, as required by section 101(a)(11)(F) of the Act and 34 CFR 361.24(c).

Technical Assistance and Continuing Education

This section of the chapter describes the technical assistance (TA) provided by RSA to ICBVI 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 “ICBVI Response.”

TA Provided

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

- the requirement to consult with the CAP on policy and State Plan development process;
- the SSI and/or SSDI benefits not be applied as a requirement to pay for room and board for post-secondary education and ATC maintenance costs;
- the financial needs test to be applied consistently and uniformly by VR counselors;
- the year in which all VR counselors will achieve CSPD standard to be incorporated into the State Plan;
- the ATC tour not be mandatory to prospective consumers in order to ensure informed choice;
- the administration of the consumer satisfaction survey for ATC students;
- the tracking of SE outcomes;
- the financial data collection and reporting;
- the utilization of ICBVI AT Specialists to assess the accessibility of IdahoWorks computer system for individuals blindness or visual impairments; and
- identified ways in which the new CMS can be improved to meet the needs of the new system, including: tracking ATC, transition and SE clients; and building more levels of security into the CMS.

Continuing Education

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

- SE;
- social security;
- job development and job placement;

- mental health issues;
- outreach;
- latest developments with AT;
- working with individuals with secondary disabilities, such as diabetes;
- ethics; and
- conflict resolution.

PART II 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 ICBVI 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

ICBVI administers the OIB program in ID and provides OIB services directly through seven rehabilitation teachers who allocate 60 percent of their time to the OIB program. OIB services include: in-home assessments, IL skills training, O&M services, talking books, activities-of-daily-living skills, peer support, and AT.

Personnel

ICBVI devotes one administrative staff, one support staff, and seven part-time direct service staff to the OIB program. Currently, ICBVI does not have any staff vacancies in the OIB program.

Data Management

ICBVI uses the same CMS for its OIB and the VR programs. Concurrently, with the upgrades to the CMS in the VR program, the OIB program is also implementing similar design changes.

Recent upgrades in the CMS for the OIB program are designed around the 7-OB report. Currently, in the CMS when a new service record is created, it is attached to either the VR or IL program, with no option to create it as an OIB service record. This feature allows the agency to track the possible movement of the individual from one program to another. The OIB CMS menu was designed from the VR menu. When the menu was designed, the services were tailored to the program, but there were limitations due to the VR origin of the system. ICBVI currently makes no distinction between OIB and IL service records other than the date of birth. Since there is no OIB program in the system, the consumer is coded as IL, even if the individual is 55 or over. For reporting purposes, ICBVI utilizes the individuals' age as the factor that determines their program designation, i.e., individuals receiving IL services under the age of 55 are reported in the IL Part B program and individuals 55 or over are reported in the OIB program.

Quality Assurance

At the end of the calendar year, the ICBVI IL Coordinator contacts consumers whose services records have been closed and conducts a consumer satisfaction survey by phone and/or mail.

OIB Program Performance

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

Table 2.1
Idaho OIB Program Highlights for FY 2008 through FY 2009

Program Highlights	2008	2009
Title VII, chapter 2 expenditures	225,000	225,000
Total expenditures (including chapter 2)	467,284	251,581
Total served older individuals who are blind	579	643
Total FTEs	11.00	11.00
Total FTEs with disabilities	3.00	3.00

OIB Program Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective action that ICBVI is required to undertake. ICBVI 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 the final report and RSA is available to provide technical assistance to assist ICBVI to develop the plan and undertake the corrective actions.

1. 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 1: ICBVI is not in compliance with 34 CFR 367.20(d) and the OIB-7 Report related to the annual reporting of staff FTEs because ICBVI staff work on multiple programs, including the VR, IL Part B and OIB programs. However, each part-time staff is reported as one FTE. Specifically, the ICBVI administrative staff and the seven rehabilitation teachers work only part-time in the OIB program, but are reported as one FTE each in the FY 2009 7-OB report.

Corrective Action 1: ICBVI must take the necessary steps to calculate and report staff FTEs accurately in the annual 7-OB report in accordance with the instructions, Part IIA, 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 ICBVI 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 "ICBVI Response."

TA Provided

During the review of the OIB program, RSA provided technical assistance to ICBVI regarding accurate reporting of FTEs on the RSA 7-OB report.

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

RSA reviewed ICBVI’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

ICBVI receives a single state appropriation at the beginning of the state fiscal year for all programs that it administers. Fiscal processes are conducted in the state office. The agency is provided the latitude to allocate the appropriation across the programs in the manner it sees fit, and has no mandatory minimum spending levels per each program, other than the match and MOE requirements, and up to the approved spending authority. ICBVI allocates state funds for expenditures incurred early in the fiscal year, then ICBVI draws down federal funds and shifts the money back to the state category as needed to manage its budget.

ICBVI 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 maintenance of effort 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. OIB program fiscal data, including the sources and amount of funding, match and carryover, are extracted from the programs’ SF-269 reports and the RSA-7OB report.

**Table 3.1
Fiscal Data for ICBVI for FY 2004 through FY 2008
VR Program**

ID-B					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	1,846,452	1,694,452	1,767,193	1,955,753	1,908,456
Federal Expenditures	1,846,452	1,694,452	1,767,193	1,955,753	1,908,456
Required Match	499,739	458,600	478,287	529,321	516,520
Actual Match	515,967	399,796	536,974	561,238	663,669

Over (Under) Match	16,228	(58,804)	58,687	31,917	147,149
Carryover at 9/30 (year one)	341,829	83,008	50,480	0	0
Program Income	66,027	0	9,505	0	96,908
Maintenance of Effort (MOE)	396,184	466,737	515,967	399,796	536,974
Administrative Costs					
	253,808	604,097	374,852	461,087	518,632
*Total Expenditures	2,023,590	2,425,597	2,255,535	2,470,124	2,589,036
Percent Admin Costs to Total Expenditures	12.5%	24.9%	16.6%	18.7%	20.0%

*Includes Supported Employment Program Expenditures.

Table 3.2
Fiscal Data for ICBVI for FY 2004 through FY 2008
OIB Program

ID-B					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	225,000	228,358	225,000	225,000	225,000
Federal Expenditures	225,000	228,358	225,000	225,000	225,000
Required Match	25,000	25,373	25,000	25,000	25,000
Actual Match	51,176	31,733	107,713	151,613	242,284
Over (Under) Match	26,176	6,360	82,713	126,613	217,284

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 ICBVI take specific steps to improve the agency's performance associated with each of the observations.

1. Rising MOE levels and Match Requirements

Observation: ICBVI's fiscal planning process involves the agency administrator and program managers, including fiscal staff, who ensure that the non-Federal share (match) and MOE requirements are met as an agency. Since both match and MOE are state requirements, IDVR expenditures of funds are included in the determination of whether the state has met these requirements.

- In FY 2005, ICBVI expended \$58,804 less than its required match; however, IDVR expended enough funds for the state to meet its match requirement.
- In the past five years, ICBVI has expended non-Federal funds such that the MOE has risen from \$103,555 below the match requirement in FY 2004, to \$84,127 above the match requirement in FY 2008, and is \$137,423 above the match requirement for FY 2010.
- Discussions with staff indicate that ICBVI and IDVR management and fiscal staff are not communicating to ensure that the state's match and MOE requirements are met.

It will be critical for ICBVI to effectively manage its rising MOE levels to ensure that the agency continues to meet the state requirement.

Recommendations: RSA recommends that ICBVI:

- 1.1 implement policies or procedures that include ongoing reviews of the MOE levels and non-Federal expenditures necessary to ensure that the agency meets this requirement in future years; and
- 1.2 establish policies or procedures to facilitate collaboration with IDVR management and fiscal staff to ensure that the state match and MOE requirements are met.

Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that ICBVI is required to undertake. ICBVI 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 the final report and RSA is available to provide technical assistance to assist ICBVI to develop the plan and undertake the corrective actions. RSA reserves the right to pursue enforcement action, including the recovery of Title I VR, Title VI Part B SE, and Title VII Chapter II OIB funds pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. Failure to Implement Internal Controls to Ensure Proper Administration of the VR Program

Legal Requirements:

34 CFR 361.12 states:

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 367.4 states that:

The following regulations apply to the Independent Living Services for Older Individuals Who Are Blind program:

- (a) The Education Department General Administrative Regulations (EDGAR) as follows:
- (6) 34 CFR part 80 (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments).

34 CFR 367.11 states that:

An application for a grant under section 752(i) or a reallotment grant under section 752(j)(4) of the Act must contain an assurance that -

(a) Grant funds will be expended only for the purposes described in 367.1.

34 CFR 80.20(a) states that:

(a) A State must exp[en]d 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.

Finding 1: ICBVI is not in compliance with 34 CFR 361.12, 34 CFR 367.11, and 34 CFR 80.20(a), because it has not established methods of administration, including procedures to ensure financial accountability of VR and OIB funds. Furthermore, ICBVI does not have fiscal controls in place that enable it to expend and account for funds to such a degree that it can trace the funds for each activity to ensure that the funds were expended in accordance with Federal requirements. RSA noted the lack of effective fiscal accountability in the following two areas:

- A. ICBVI contracts with private doctors for medical consulting services and Low Vision Clinic services. RSA's review of the contracts and discussions with ICBVI staff while onsite revealed the contracts do not include scope of work or deliverables sections, or a definition or description of either medical consulting services or Low Vision Clinic services to be provided under the contract. Since the contracts do not provide an accurate description of what services the contractors are required to provide, ICBVI does not have a basis to ensure that services identified on the invoice are services that should be provided under the contract and that are allowable under the VR program, pursuant to section 103(a) of the Rehabilitation Act and 34 CFR 361.48. Furthermore, even if the contracts described the services to be provided, RSA's review of the invoices revealed that neither the specific services provided nor the individuals served were identified. Many of the invoices RSA reviewed specified only the billing period and the total amount charged. As a result, ICBVI routinely receives, approves, and pays invoices without any supporting basis to ensure services provided are allowable under the VR program, or that the services are provided in accordance with the individuals' agreed-upon IPEs, thus meeting the needs of the individuals served under the contract. Therefore, ICBVI cannot ensure the expenditures are made only for allowable VR services, as required by 34 CFR 361.3, and cannot ensure the accountability of funds expended under these contracts, as required by 34 CFR 361.12 and 34 CFR 80.20(a).
- B. Additionally, RSA's discussions with ICBVI staff while onsite, regarding the procurement process for goods and services requiring an authorization under the VR and OIB programs, revealed a lack of checks and balances necessary for ensuring accountability of expenditures. RSA learned that the same individual: 1) enters the services to be provided for consumers; 2) chooses the provider of those services; 3) authorizes the services, which obligates ICBVI to make payment for those services; and

4) approves payment for the services provided. As a result, one individual has complete control of the process. There was no evidence that ICBVI had implemented a system of internal controls to monitor the staff's actions and data input to ensure that expenditures are made solely for allowable goods and services under the VR and OIB programs, as required by section 111(a)(1) of the Act, 34 CFR 361.3, and 34 CFR 367.11. This practice does not ensure the safeguarding of VR and OIB program funds and is contrary to the segregation of duties pertaining to purchasing and paying invoices that is required under State law and that would apply to the VR and OIB programs, as required by 34 CFR 361.12, 34 CFR 367.4(a)(6), and 34 CFR 80.20(a)(2).

Federal regulations require ICBVI to have methods of administration to ensure financial accountability for the efficient administration of the State Plan and VR program, as well as the OIB program, and to ensure accurate accounting of allowable expenditures for the VR and OIB programs. Segregation of duties pertaining to purchasing and paying invoices is a necessary element of these fiscal controls. As described above, ICBVI has failed to comply with 34 CFR 361.12, 34 CFR 367.4(a)(6), and 34 CFR 80.20(a).

Corrective Action 1: ICBVI must:

- 1.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that ICBVI will comply with 34 CFR 361.12, 34 CFR 367.4(a)(6), and 34 CFR 80.20, especially with regard to ensuring proper and efficient administration of the VR and OIB programs and accurate financial accounting of funds for services provided through the medical consulting and Low Vision Clinic services contracts; and
- 1.2 develop and implement policies and procedures to ensure that:
 - a. verifiable supporting documentation is available for expenditures, including those used for satisfying a cost sharing or matching requirement, to ensure they are allowable under the VR and OIB programs, as appropriate;
 - b. fiscal controls, including the segregation of duties, permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable Federal requirements; and
 - c. internal controls are in place to ensure that all program assets are maintained and accounted for, and used solely for authorized purposes.

2. Unallowable Expenditures – Services Provided to Non-VR Consumers

Legal Requirements:

Section 100(a)(2) of the Rehabilitation Act and 34 CFR 361.1 of its implementing regulations establish that the purpose of the VR program is to provide services to individuals with disabilities so that they may achieve an employment outcome that is consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 of its implementing regulations require that Title I VR program funds be used solely to cover the costs of providing VR services and administering the VR program.

34 CFR 361.12 states:

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 authoring 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 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 provisions of this Circular.
- C.3. Allocable Costs.
 - a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefit received.

Finding 2: ICBVI is not in compliance with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20(a)(2), and the Federal cost principles contained in 2 CFR part 225, Appendix A, C.1 and C.3, because it uses Title I VR funds to pay service costs for individuals who are not participants of the VR program. As such, these expenditures are unallowable under the VR program.

In addition to the VR program, ICBVI administers several other programs authorized under the Rehabilitation Act, including the IL Part B and OIB programs. All three programs utilize the Low Vision Clinic services. According to interviews with staff during the on-site review, RSA learned that, prior to October 1, 2009, ICBVI routinely charged service costs incurred by these other programs to the Title I VR program -- the agency's largest funding source -- if the individual was of working age, regardless of whether the individual was a VR program consumer.

Section 100(a)(2) of the Rehabilitation Act and 34 CFR 361.1 of its implementing regulations establish that the purpose of the VR program is to provide services to individuals with

disabilities so that they may achieve an employment outcome that is consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice. Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 require that VR funds be used solely to provide VR services and administer the VR program. Prior to October 1, 2009, VR was paying for service-related costs that were allocable to the IL Part B and OIB programs since the individuals receiving services were consumers of those programs. As such, the expenditures were not allowable under the VR program. Furthermore, the expenditures incurred were not necessary and reasonable for the proper and efficient administration of the VR program and, therefore, were not allocable to the VR program, as required by the cost principles set forth in OMB Circular A-87, Attachment A, C.1 and C.3. Finally, ICBVI's use of VR funds to cover expenditures incurred by the IL Part B and OIB programs violates its responsibility under 34 CFR 361.12 and 34 CFR 80.20(a)(2) to properly and efficiently administer the VR program and to ensure accurate financial accountability. For the foregoing reasons, ICBVI has failed to comply with the requirements of section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20(a)(2), and 2 CFR Part 225, Appendix A, C.1 and C.3.

Corrective Action 2: ICBVI must:

- 2.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that payments for expenditures will comply with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20(a), and the Federal cost principles set forth in OMB Circular A-87;
- 2.2 cease using Title I VR funds to pay for expenditures incurred by ICBVI for individuals who are not ICBVI VR consumers; and
- 2.3 develop policies and procedures to ensure that expenditures incurred for the provision of services by the Low Vision Clinic are properly allocated to the appropriate program.

3. Failure to Monitor Grant Activities

Legal Requirement:

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 achieved. Grantee monitoring must cover each program function and activity.

Finding 3: ICBVI is not in compliance with 34 CFR 80.40(a) because it does not conduct monitoring activities of its Low Vision Clinic and medical consulting contracts to ensure that grant-supported activities conducted by the contractors comply with applicable Federal requirements and that performance goals are achieved.

As the recipient of Federal funds, ICBVI is required to monitor and manage the day-to-day operations of all grant-supported activities (34 CFR 80.40(a)). The medical consulting and Low Vision Clinic services provided under these contracts constitute grant-supported activities and must be monitored by ICBVI to ensure they comply with all applicable Federal requirements. RSA noted, in reviewing the contracts while onsite, that the contracts did not specify the

monitoring and evaluation procedures that ICBVI would use to monitor the services provided under the contracts. ICBVI also did not have its own monitoring procedures in place that it could have used to monitor the activities under the contracts to ensure that funds expended were for allowable services for eligible consumers of the VR, IL Part B, and OIB programs, as appropriate. As a result of ICBVI's failure to monitor the activities under the contracts, as required by 34 CFR 80.40(a), ICBVI inappropriately charged expenditures to the VR program that should have been charged to the IL Part B or OIB program, as discussed further in Finding 2 above. Therefore, ICBVI has failed to comply with 34 CFR 80.40 and has failed to ensure that grant-supported activities conducted by the contractors comply with applicable Federal requirements, and that performance goals are achieved.

Corrective Action 3: ICBVI must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that ICBVI will comply with 34 CFR 80.40(a), to ensure that it will monitor all grant supported activities to assure compliance with applicable Federal requirements and that performance goals are achieved; and
- 3.2 develop and implement policies and procedures to monitor the activities and services provided by the contractors to ensure that: 1) the services provided are allowable under the relevant Federal program and provided only to eligible consumers of that program; and 2) performance goals are achieved.

4. Failure to Conduct Periodic Certifications

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 of EDGAR requires that:

- (a) A state must exp[en]d 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.3 Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Finding 4: ICBVI is not in compliance with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, 8.h.3 because the agency does not conduct periodic certifications for employees working solely on one federal grant program or cost objective. To comply, employees or their supervisors must certify, at least semi-annually, that the employee worked solely on one grant program, or cost objective, during the period covered by the certification.

ICBVI employees use an individual password to log in to the state's electronic payroll system. Individuals, including those who work solely on one federal grant program or cost objective, enter their time into the system; however, when entering the data, the individual does not link his or her time to a specific cost objective. For example, an individual working on the VR program 100 percent of the time would enter 80 hours for the two-week pay period, but would not enter a code that attributes the time to the VR program. Subsequent to the employee's entry of his or her time, a Management Assistant – not the individual entering the time or the individual's supervisor -- enters the program code for the employee's timesheet into the system for cost allocation purpose; therefore, neither the employee nor the individual's supervisor certifies that the employee works full-time on one grant program.

Federal regulations at 2 CFR part 225, Appendix B, 8.h.3 require that the semi-annual certification be conducted by either the individual or the individual's supervisor. In this case, while the Management Assistant was entering codes for cost allocation purpose, neither the individual nor the individual's supervisor was certifying the employee's time spent on one federal grant program or cost objective. For these reasons, ICBVI was not conducting periodic certifications that satisfied the requirements of 2 CFR part 225, Appendix B, 8.h.3. Therefore, ICBVI is not compliant with 34 CFR 361.12 and 34 CFR 80.20(a), because, without the proper certification of time, ICBVI cannot be sure that its Federal program funds are being expended in accordance with applicable Federal requirements.

Corrective Action 4: ICBVI must:

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, 8.h.3; and
- 4.2 develop policies and procedures to ensure that, at a minimum, semi-annual certifications are completed for all employees working solely on one federal grant program, or cost objective by either the employees themselves or their supervisors.

5. Assigning Personnel Costs – VR Program

Legal Requirements:

34 CFR 361.3 states that:

The Secretary makes payments to a State to assist in–

- (a) The costs of providing vocational rehabilitation services under the State plan; and
- (b) Administrative costs under the State plan.

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) of EDGAR requires that:

(a) A state must exp[e]nd 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 5: ICBVI is not in compliance 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, because several individuals, including the reader/drivers, are not tracking their time across multiple cost objectives, despite the fact that they provide services to both VR and IL program consumers, as well as consumers served with non-Federal funds.

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)). IL-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, IL-related expenditures are not allowable under the VR program, pursuant to 34 CFR 361.3, and may not be paid for with VR funds.

In this case, reader/drivers employed by ICBVI split their time serving VR, IL Part B, and non-Federal program consumers. While onsite, RSA noted that the reader/drivers do not track their time in accordance with the time spent on the VR, IL Part B, or non-Federal programs. Instead, ICBVI allocated the administrative salary costs for the reader/drivers across the programs it administers based upon allocations determined before the employee could record time actually worked on these programs. The practice of assigning personnel costs to programs ICBVI administers based upon pre-determined levels, and not an after-the-fact distribution of the actual activity of each employee, is not in accordance with the cost principles outlined in 2 CFR part 225. For this reason, ICBVI 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 Action 5: ICBVI must:

- 5.1 cease using Title I funds for personnel costs that are incurred in the administration of other programs, such as the IL and OIB programs;
- 5.2 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, 8.h.4 and 8.h.5; and
- 5.3 submit a plan, including timelines, describing the corrective actions that will be taken, as required by 2 CFR part 225, Appendix B, 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 ICBVI pursuant to Federal program requirements.

6. Inaccurate Reporting: RSA-2 and SF-269 Reports

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 of EDGAR, in pertinent part, requires 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: ...
- (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.

34 CFR 80.21(f) Effect of program income, refunds and audit recoveries on payment.

- (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 6: ICBVI is not in compliance with 34 CFR 361.12 and 34 CFR 80.20(a) because it failed to submit accurate financial reports to RSA during FYs 2004 through 2008.

- A. In FY 2008, ICBVI submitted a final SF-269 report for the VR program with \$29,447 remaining in the Undisbursed Program Income category. An SF-269 report cannot be finalized until all program income has been disbursed, using either the deduction or addition method (34 CFR 361.63(C)(3) and 34 CFR 80.25(g)(1) and (2)). If funds are not disbursed by the end of the grant period, those funds would be an offset to the federal award, and may result in a return of federal funds (34 CFR 80.25(g)(1)). Because the SF-269 for FY 2008 still reported undisbursed program income, ICBVI has failed to comply with the requirement that reports be submitted accurately, as set forth at 34 CFR 361.12 and 34 CFR 80.20(a).
- B. Furthermore, program income funds must be spent prior to drawing down additional federal funds (34 CFR 80.21(f)(2)). As stated above, in FY 2008, ICBVI's final SF-269 for that year specified that it had \$29,447 in undisbursed program income. It is unclear from the facts that RSA obtained when ICBVI earned the program income and whether it drew down Federal funds despite the existence of these program income funds. RSA will need further information to determine the extent of ICBVI's compliance with 34 CFR 80.21(f).
- C. The RSA-2 also contained reporting errors during FYs 2004 through 2008. For example, in FYs 2007 and 2008, costs associated with services provided by state VR agency personnel at the ATC were reported under the Employed Elsewhere category (Schedule I-2.A.2), but should have been reported under the Employed at Agency Operated CRPs category (Schedule I-2.A.1). In FYs 2004 through 2008, expenditures for indirect costs were inconsistently reported each year and ranged from \$0 to \$518,632. ICBVI must track the indirect costs each year and accurately report them on the RSA-2 report. On Schedule III of the RSA-2 report, staff reported as Counselor Staff increased from seven in FYs 2004 and 2005, to 19 in FY 2006, and 20 in FYs 2007 and 2008. This is due to

ICBVI's inaccurate reporting of indirect costs results in an inaccurate report of the expenditures that ICBVI incurred in each of those years. Similarly, the improper classification of staff reported to RSA does not accurately reflect ICBVI's personnel organization. RSA utilizes financial reports, such as the RSA-2, as the basis for establishing national data trends and norms from which to compare agencies. Therefore, ICBVI'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, ICBVI has failed to comply with the requirements of 34 CFR 361.12 and 34 CFR 80.20(a).

Corrective Action 6: ICBVI must:

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will disburse program income before drawing down federal funds, as required by 34 CFR 80.21(f), and will submit accurate reports to RSA, as required by 34 CFR 361.12 and 34 CFR 80.20;
- 6.2 revise the RSA-2 for FYs 2004 through 2008 to accurately report: 1) indirect costs incurred; 2) funds expended to run a state-operated CRP; and 3) the classification of Counselor staff for each of those Federal fiscal years; and
- 6.3 revise the FY 2008 SF-269 reports as needed to accurately reflect the disbursement of program income.

7. Assigning Personnel Costs – OIB Program

Legal Requirements:

34 CFR 367.4 states that:

The following regulations apply to the Independent Living Services for Older Individuals Who Are Blind program:

- (a) The Education Department General Administrative Regulations (EDGAR) as follows:
 - (6) 34 CFR part 80 (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments).

34 CFR 367.11 states that:

An application for a grant under section 752(i) or a reallocation grant under section 752(j)(4) of the Act must contain an assurance that -

- (a) Grant funds will be expended only for the purposes described in 367.1.

34 CFR 80.20 of EDGAR requires 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, 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 7: ICBVI is not in compliance with 34 CFR 367.4(a)(6), 34 CFR 367.11, 34 CFR 80.20(a) and 2 CFR part 225, Appendix B, Items 8.h.4 and 8.h.5, because the IL Coordinator is not tracking her time across multiple cost objectives, despite the fact that she spends time on the administration of both IL Part B and OIB program consumers.

Regulations at 34 CFR 367.11 require that OIB funds must be used solely for the provision of OIB services. Administrative costs to operate the OIB program are allowable expenditures as long as the expenditure is incurred in the performance of administrative functions of the OIB program. IL Part B personnel costs do not constitute OIB administrative costs because they do not arise from the performance of administrative functions for the OIB program. Therefore, IL Part B expenditures are not allowable under the OIB program, pursuant to 34 CFR 367.11, and may not be paid for with OIB funds.

In this case, the IL Coordinator employed by ICBVI splits her time between assisting OIB and IL Part B program consumers. While on-site, RSA noted that the IL Coordinator does not track her time in accordance with the time spent on the OIB or IL Part B program. Instead, it was determined that 100 percent of the administrative salary costs for the IL Coordinator were borne by the OIB program, whereas a portion should have been borne by the IL Part B program. Although the funding for the OIB program represents a greater share of ICBVI's funding than IL Part B funds, the practice of assigning personnel costs to the OIB program because of limited funding in other programs is not in accordance with cost principles outlined in OMB Circular A-87. For this reason, ICBVI has failed to comply with 34 CFR 367.11, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, Items 8.h.4 and 8.h.5.

Corrective Action 7: ICBVI must:

- 7.1 cease using OIB funds for personnel costs that are incurred in the administration of other programs, such as the IL Part B program;
- 7.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 367.11, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, Items 8.h.4 and 8.h.5; and
- 7.3 submit a plan, including timelines, describing the corrective actions that will be taken, as required by 2 CFR part 225, Appendix B, Items 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 ICBVI (excluding the SE program under Title VI-B, which can legally be charged to the VR program).

Technical Assistance

This section of the chapter describes the TA provided by RSA to ICBVI 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 “ICBVI Response.”

TA Provided

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

- a synopsis of each requirement, and reviewed with ICBVI RSA’s assessment of the agency’s compliance with specific financial requirements – match, MOE, carryover, reallocation, and program income;
- the use of Social Security reimbursement program income transfers to the OIB program to offset unexpected costs associated with the program;
- the requirement of the DSU to monitor grant supported activities, including those identified in service contracts;
- further review and development of the Low Vision Clinic and Medical Services contracts to strengthen the scope of work, deliverables, targets, and monitoring or evaluation sections to protect the agency and improve its ability to administer and review the contracts;
- a re-evaluation of the blended procurement methodology utilized for low vision services, combining contracts and purchase orders, to strengthen the agency’s ability to track funds;
- the implementation of internal controls associated with the generation of VR and OIB authorizations and the approval of invoices, to avoid one individual conducting both activities;

- a review of fund categories on the RSA-2 report and the proper classification of funds associated with the ATC; and
- FFR-425 reporting implications when state funds are utilized for expenditures prior to drawing federal funds.

CHAPTER 4: PROGRESS TOWARD REDRESSING FINDINGS FROM PRIOR RSA REVIEWS

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

Corrective Action Plan

Through the implementation and completion of the Corrective Active Plan, ICBVI successfully resolved compliance findings in the following programmatic and fiscal areas:

- presumption of eligibility;
- assessment;
- design of IPE to achieve specific employment outcomes; and
- identification and provision of needed services;
- amendment of IPE;
- employment outcome consistent with employment goal in IPE;
- satisfactory duration of employment;
- satisfaction with employment outcome;
- policies;
- limits on services;
- statewideness of service provision;
- individuals working on more than one federal award;
- required reporting of fee-for-service program income;
- SF-269; and
- RSA-2.

PART III: REVIEW OF THE IDAHO INDEPENDENT LIVING PROGRAM

EXECUTIVE SUMMARY

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

Idaho Administration of the IL Program

The ID IL Part B program is administered by ICBVI and IDVR. In FY 1993, the DSU, CILS, SILC, and IL stakeholders agreed that ICBVI would receive 45 percent of the state's IL Part B funds to provide IL services to individuals who are blind and visually-impaired and IDVR would receive the remaining 55 percent to be disbursed via contract to the lowest funded CIL, the Disability Action Center (DAC) to serve individuals with significant disabilities in the northwest part of the state.

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 observed that the SILC resource plan had not been revised since the early 1990's. In addition, stakeholders expressed an interest in re-evaluating the distribution of IL funds, including the distribution of funds to the DAC, ICBVI and the SILC.

Strengths and Challenges

Based on the observations from the agency and its stakeholders and other information gathered through the review process, RSA concluded that IDVR, ICBVI and the SILC exhibited a variety of strengths and challenges that impact the performance of its IL program.

Strengths

Partnerships: IDVR and ICBVI have a productive working relationship with the SILC and other IL stakeholders.

Challenges

Monitoring IL Part B Funds: IDVR and ICBVI do not have a mechanism in place by which to evaluate the expenditure of IL Part B funds in the SILC resource plan nor does IDVR have a mechanism to evaluate the expenditures of IL Part B funds in its contract with DAC.

Distribution of IL Part B Funds: The percentage distribution of IL Part B funds between ICBVI and IDVR has not been evaluated since the early 1990's to determine if this distribution

should be revised to address the needs of individuals with significant disabilities in ID in light of the population growth and the change in demographics over the past ten years.

Acknowledgement

RSA wishes to express appreciation to the representatives of the ICBVI and IDVR, the SILC and the stakeholders who assisted the RSA monitoring team in the review of Idaho's State IL Services Program.

CHAPTER 1: INDEPENDENT LIVING (IL) PROGRAM

IL Program Systems

The following sections of this chapter describe the manner in which ICBVI and IDVR 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

Both ICBVI and IDVR receive IL Part B funds and provide services directly or through a contract with one CIL. ICBVI receives 45 percent of the IL Part B funds to provide IL services to individuals who are blind and visually-impaired through seven part-time rehabilitation teachers employed by the agency. The rehabilitation teachers provide the following IL Part B services: in-home assessments, IL skills training, O&M training, talking books, activities-of-daily-living skills, peer support, and AT. IDVR receives 55 percent of the IL Part B funds that are contracted to the Disability Action Center (DAC) to provide IL services to individuals with significant disabilities in northern ID.

Personnel

ICBVI designates nine staff to IL Part B program, including the IL Coordinator, an administrative assistant, and the seven part-time rehabilitation teachers.

IDVR designates two staff internally working part-time on IL Part B program, including the Fiscal Manager and the IDVR Director, and two contract staff.

Data Management

The current feature in the CMS includes only the ability to select the IL or VR program for new consumers with no distinction between IL Part B and OIB service records other than the date of birth.

Under the IDVR contract with DAC, the center maintains its own CMS and submits data to IDVR from its 704 Part II report.

Quality Assurance

The IL Coordinator at ICBVI contacts consumers when their service records are closed and conducts a consumer satisfaction survey by telephone and/or mail at the end of the calendar year.

The DAC conducts consumer service satisfaction surveys of individuals served under its contract with IDVR.

Planning

The SILC contracts with an individual who conducts focus groups around the state to solicit input from partners and stakeholders on IL services. The contractor then compiles the information and provides a report to the SILC. The input is used in the development of SPIL goals and activities.

IL Program Performance

The following table provides data on the ID's IL program performance in key areas from FY 2006 through FY 2009.

Table 1.1
ID IL Program Highlights for FY 2006 through FY 2009

Program Highlights	2006	2007	2008	2009
Title VII, chapter 1, Part B funds	301,477	301,477	296,212	312,984
Total resources (including Part B funds)	688,219	712,917	925,035	1,226,427
Total served	44	53	65	71
Total consumer service records closed	44	53	45	46
Cases closed, completed all goals	44	20	33	34
Total goals set	129	115	189	204
Total goals met	54	92	144	123
Total individuals accessing previously unavailable transportation, health care, and assistive technology	90	63	46	38
Total FTEs	7.00	7.00	15.0	8.75
Total FTEs with disabilities	5.00	5.00	10.0	5.25

Note: This table, based on the 704 Report, Part I, reflects the IL Part B funds under Title VII, Chapter 1 of the Rehabilitation Act. It includes IL services provided by the DSU either directly and/or through grants or contracts with CILs, excluding those funded directly by RSA under Title VII, Chapter 1, Part C of the Act.

IL Program Performance Observations and Recommendations

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

1. Memorandum of Agreement between the SILC and DSUs

Observation: The DSUs have not entered into an agreement with the SILC on the distribution of IL Part B funds related to the SILC resource plan. As a result, the DSUs do not have a mechanism in place by which to ensure the appropriate expenditure of IL Part B funds in the resource plan.

- The state statute creating the SILC requires a MOU between the SILC and IDVR. Feedback at the SILC meeting indicated that the SPIL served as the agreement. However, the SPIL does not contain the terms and conditions between the entities for this funding arrangement.
- IDVR staff indicated that it reviews invoices and reimburses the SILC. However, there is little to no monitoring of the SILC. ICBVI, which is an equal partner with IDVR and the SILC, has little to no oversight of the SILC. Staff confirmed that no monitoring is being conducted of the SILC.

Recommendations: RSA recommends that IDVR and ICBVI:

- 1.1 develop a MOA between the DSUs and the SILC for the FY 2011-2013 SILC resource plan;
- 1.2 revise the provisions of the state statute establishing the SILC to ensure that both DSUs have an oversight role for the IL Part B funds in the SILC resource plan; and
- 1.3 develop a monitoring protocol to account for the IL Part B funds provided to the SILC.

2. IDVR Contract with DAC for IL Part B Services

Observation: RSA's review of the IDVR contract with DAC-NW identified contract errors and deficiencies with respect to the period of availability of funds, the utilization of the funds, and the monitoring of the funds. As a result of the deficiencies, IDVR cannot ensure accountability of the IL Part B funds under the contract.

- The contract incorrectly states in provision 7a and Addendum A that IL Part B funds under the American Recovery and Reinvestment Act of 2009 (ARRA) can be used for up to the next five years. However, Federal guidelines require that ARRA IL Part B funds be obligated or spent by September 30, 2011.
- The contract indicates that Exhibit A constitutes the scope of work for the IL Part B funds. However, the contract does not include an Exhibit A.

Recommendation: RSA recommends that IDVR revise its contract with DAC to specify the following: how DAC will utilize the IL Part B funds it receives from IDVR, the documentation required to support DAC invoices, the mechanism IDVR will use to evaluate the contract's effectiveness, and the corrected timeframe for the expenditure of ARRA IL Part B funds.

IL Program Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective action that ICBVI and IDVR are required to undertake. ICBVI and IDVR 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 the final report and RSA is available to provide technical assistance to assist ICBVI and IDVR to develop the plan and undertake the corrective actions.

1. 704 Part I Reporting of FTEs

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 Equivalent (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.

Finding 1: ICBVI and IDVR are not in compliance with 34 CFR 364.36 and OMB-approved 704 Report Part I, Instructions Section F, related to the annual reporting of staff FTEs because ICBVI and IDVR staff work on multiple programs, including the VR, IL Part B and OIB programs, but each part-time staff is reported as one FTE. Specifically, the ICBVI administrative staff and the seven rehabilitation teachers work part-time in the OIB and IL Part B programs, but are reported as one FTE each in the FY 2009 704 Part I report.

Corrective Action 1: ICBVI and IDVR must take the necessary steps to calculate and report staff FTEs accurately in the annual 704 Part I report in accordance with the instructions.

Technical Assistance

This section of the chapter describes the TA provided by RSA to IDVR and ICBVI 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 C of this report titled “ID IL Response.”

TA Provided

During the review of the IL program, RSA provided TA to ICBVI and IDVR regarding:

- accurate reporting of FTEs on RSA 704 Part I;
- monitoring of the DAC contract; and
- developing a monitoring protocol of DAC and the SILC.

CHAPTER 2: FISCAL MANAGEMENT OF THE INDEPENDENT LIVING PROGRAM

RSA reviewed the fiscal management of the IL program by IDVR and ICBVI. 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

The IL Part B program funds are allocated to the two DSUs based upon a cooperative agreement established in FY 1993. Per the agreement, IDVR receives 55 percent and ICBVI receives 45 percent of the state allocation. IDVR utilizes its portion to fund the SILC resource plan and an IL contract with DAC, while ICBVI utilizes its share to directly provide IL services to consumers. Administration and financial management of IL Part B funds is conducted in the central offices of both DSUs.

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 and the RSA-704 report.

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

ID-G					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	161,646	167,487	165,812	165,812	162,917
Federal Expenditures	161,646	167,487	165,812	165,812	162,917
Required Match	17,961	18,610	18,424	18,424	18,102
Actual Match	17,961	18,610	18,424	18,424	18,102
Over (Under) Match	0	0	0	0	0

**Table 2.2
Fiscal Data for ICBVI for FY 2004 through FY 2008**

ID-B					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	132,256	137,035	135,665	135,665	133,295
Federal Expenditures	122,826	137,035	135,665	135,665	133,295
Required Match	13,647	15,226	15,074	15,074	14,811

Actual Match	14,695	15,998	38,725	26,117	23,607
Over (Under) Match	0	772	23,651	11,043	8,796

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 IL program and recommended that IDVR take specific steps to improve the agency’s performance associated with each of the observations.

1. SILC providing non-Federal share for SPIL Resource Plan funds

Observation: Discussions with IDVR fiscal staff and the SILC revealed that the SILC has recently begun providing funds for the IL Part B non-Federal share, represented by ten percent of the total grant expenditures. The method by which the SILC expends IL Part B funds and then requests reimbursement from IDVR does not clearly delineate the funding from each source to demonstrate that the SILC has the non-Federal share available at the time IL Part B funds are spent.

The SILC spends IL Part B funds on approved expenditures under the SILC resource plan as outlined in the SPIL, and incurs 100 percent of the cost of services up front. The SILC submits an invoice to IDVR reflecting 100 percent of the expenditures; however, this figure is then “marked down” to 90 percent of the total, and this represents the final invoice request to IDVR. IDVR reimburses the 90 percent of expenditures identified on the invoice, and the remaining ten percent is counted as match for the IL Part B program. As a result, it appears that IDVR is not willing to compensate for the total costs of approved services under the SILC Resource Plan.

Recommendation: RSA recommends that IDVR and the SILC discontinue the “mark down” process on SILC invoices and ensure the SILC submits invoices that reflect the actual costs that IDVR has agreed to pay.

Fiscal Management Compliance Findings and Corrective Actions

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

1. Internal Controls of IL Staff to Ensure Proper Invoice Processing (IL Part B)

Legal Requirements:

34 CFR 364.34 states that:

In addition to complying with 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 80.20(a) states that:

(a) A State must exp[en]d 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.

Finding 1: ICBVI administers the IL Part B program for individuals who are blind. ICBVI is not in compliance with 34 CFR 364.34 and 34 CFR 80.20(a), because it has not adopted fiscal controls or accounting procedures that enable it to expend and account for IL Part B funds to such a degree that it can trace the funds for each activity to ensure that the funds were expended in accordance with Federal requirements. It is also not expending and accounting for grant funds in accordance with State laws and procedures for expending and accounting for State funds.

Discussions with ICBVI staff regarding the procurement process for goods and services requiring an authorization, under the IL Part B program, revealed that the same individual can 1) enter services for consumers; 2) choose the provider to be used for those services; 3) authorize the services to be provided; and 4) approve payment for the services provided. However, there was no evidence that ICBVI had implemented a system of internal controls that monitored the staff data input to ensure that expenditures are for allowable goods and services under the IL Part B program and that IL Part B funds were used solely for authorized uses, as required by 34 CFR 364.34 and 34 CFR 80.20(a)(2). As such, ICBVI had no basis to ensure the financial accountability of IL Part B funds expended, as required by 34 CFR 364.34 and 34 CFR 80.20(a)(2). Instead, one individual has complete control of the process, with no internal monitoring of the individual's actions. This practice does not ensure the safeguarding of IL Part B program funds and is contrary to the segregation of duties pertaining to purchasing and paying invoices that is required under State law and that would apply to the IL Part B program as well under 34 CFR 80.20(a).

Federal regulations require ICBVI to have fiscal control and fund accounting procedures, consistent with State law, in place to ensure the proper disbursement of and accounting for funds

(34 CFR 364.34). These procedures must enable ICBVI to ensure accurate financial accountability for the IL program. In particular, ICBVI must have fiscal controls in place that enable it to expend and account for IL funds to such a degree that it can trace the funds for each activity to ensure that the funds were expended in accordance with Federal requirements. Segregation of duties pertaining to purchasing and paying invoices is a necessary element of these fiscal controls. Since ICBVI has not done this, ICBVI has failed to comply with 34 CFR 364.34 and 34 CFR 80.20(a).

Corrective Action 1: ICBVI must:

- 1.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that ICBVI will comply with 34 CFR 364.34 and 34 CFR 80.20; and
- 1.2 develop and implement policies/procedures to ensure that internal controls, including segregation of duties, are in place to ensure that all program assets are maintained and accounted for, and used solely for authorized purposes.

Technical Assistance

This section of the chapter describes the TA provided by RSA to IDVR and ICBVI 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 C of this report titled “ID IL Response.”

TA Provided

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

- a synopsis of each requirement, and reviewed with ICBVI RSA’s assessment of the agency’s compliance with specific financial requirements – match, carryover, reallocation, and program income;
- the use of Social Security reimbursement program income transfers to the IL Part B program to offset unexpected costs associated with the program; and
- the implementation of internal controls associated with the generation of IL authorizations and the approval of invoices, to avoid one individual conducting both activities.

APPENDIX A: IDVR 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. Quality Assurance

Recommendations: RSA recommends that IDVR:

- 1.1 expand existing QA processes beyond service record reviews and consumer satisfaction surveys to assess the effectiveness of internal service delivery;
- 1.2 evaluate the outcomes achieved by VR counselors providing services under the cooperative agreements compared to VR counselors providing services outside of the cooperative agreements;
- 1.3 develop consistent performance standards and reporting requirements for CRPs and implement the vendor evaluation system to assess CRP performance; and
- 1.4 evaluate the effectiveness of the pilot project to determine whether or not to implement it statewide.

Agency Response: IDVR did not respond.

Technical Assistance: IDVR does not request TA.

2. Inappropriate Referrals to the VR Program

Recommendations: RSA recommends that IDVR:

- 2.1 review its public information materials to ensure the eligibility criteria are clearly stated;
- 2.2 consider developing a checklist as a resource to be used by the courts and corrections for determining if an individual is an appropriate VR referral; and
- 2.3 conduct periodic meetings with referral sources to educate them about the VR eligibility criteria.

Agency Response: IDVR did not respond.

Technical Assistance: IDVR does not request TA.

VR/SE Program Compliance Findings and Corrective Actions

1. Third-Party Cooperative Arrangement Between IDVR and the ID Educational Services for the Deaf and the Blind (IESDB)

Corrective Actions: IDVR must:

- 1.1 cease providing non-VR services and services to non-VR applicants or consumers under the PSTP third-party cooperative arrangement between IDVR and IESDB;
- 1.2 revise its third-party cooperative arrangement document to describe the scope of services offered through the third-party cooperative arrangement with IESDB to make it clear that the PSTP services provided under the third-party cooperative arrangement must be either new services or modified services with a VR focus, as required by 361.28(a)(1); and
- 1.3 revise its third-party cooperative arrangement document, and take the steps necessary, to ensure that only applicants for or recipients of VR services are served under the agreement with IESDB, as required by 361.28(a)(2).

Agency Response: After conducting a careful analysis of this RSA finding, IDVR agrees with the conclusions that IDVR did not properly include a description of the services that are to be provided by IESDB or the individuals to be served under the cooperative agreement.

IDVR, in conjunction with the administrative staff of IESDB, will revise the contract to reflect compliance with the three corrective actions stated under this finding.

The revised cooperative agreement will specify serving only IDVR eligible clientele. Furthermore, the contract will clearly document the expansion of post secondary transitional services with a vocational focus on a statewide basis.

Technical Assistance: IDVR does not request TA.

2. Application for VR Services

Corrective Action 2: IDVR must take the steps necessary to ensure that the 60-day eligibility timeline begins either at the time the individual or the applicant's representative, as appropriate, completes and signs the application, or otherwise makes a request services from IDVR, as required by Section 102(a)(6) of the Act and 34 CFR 361.41(b)(2), and revise its policy accordingly.

Agency Response: IDVR agrees with the conclusion by RSA that IDVR was not compliant with the specific aspect of the federal regulation related to the 60-day eligibility timeline. It was determined that IDVR starts the 60-day eligibility timeline exclusively at the time the individual or representative signs the application form. This limited approach does not take into account the regulatory provision for the applicant or representative to "otherwise" make a request for services from the agency.

Technical Assistance: IDVR does not request TA.

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

Fiscal Management Observations and Recommendations

1. Fiscal Planning

Recommendations: RSA recommends that IDVR:

- 1.1 develop and implement a comprehensive fiscal planning process that incorporates projected resources and expenditures for multiple fiscal years, including plans to spend down an increasing carryover balance, to adjust to changing economic conditions and agency priorities while managing limited resources;
- 1.2 implement policies or procedures that include ongoing reviews of non-Federal funds to ensure that the agency meets its match requirement in future years; and
- 1.3 establish policies or procedures to facilitate collaboration with ICBVI management and fiscal staff to ensure that the state match and MOE requirements are met.

Agency Response: IDVR did not respond.

Technical Assistance: IDVR does not request TA.

Fiscal Management Compliance Findings and Corrective Actions

1. IESDB Third-Party Cooperative Arrangement

Corrective Action 1: IDVR must:

- 1.1 cease using Title I VR funds to pay for expenditures incurred under TPCAs that are not used to provide VR services to VR applicants and consumers, as required by 34 CFR 361.3 and 34 CFR 361.28(a);
- 1.2 cease accepting certified time spent on services that are not directly proportional to the time spent on providing services to eligible individuals, as required by 34 CFR 361.3 and the Federal cost principles of OMB Circular A-87, Attachment A;
- 1.3 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report that it will comply with 34 CFR 361.12, 34 CFR 361.28(a), and 34 CFR 80.20(a) regarding funds associated with TPCAs, and that contracts implementing TPCAs satisfy 34 CFR 80.36(a) and State procurement rules and procedures;
- 1.4 be responsible for conducting administrative supervision of the staff providing services under the TPCA, as required by 34 CFR 361.28(a)(3);
- 1.5 be responsible for the administrative supervision of program expenditures through accurate financial accounting of funds for services provided under the third-party cooperative arrangement, including documentation that ensures that only allowable services are provided to eligible individuals pursuant to the contract (*Id.*); and
- 1.6 ensure that IDVR staff approve invoices for payment only after verifying those services have been provided and that the invoices are accurate and complete with sufficient supporting documentation.

Agency Response: As stated in the Chapter 1 response, IDVR will make modifications to the referenced third-party cooperative agreement. These modifications will address and clarify the three corrective actions noted in Finding 1 of the VR program chapter.

The services provided will constitute modified and expanded (statewide) services targeting only IDVR applicants or eligible individuals. As a result of this focus, there will be no need for staff to keep track of their time spent serving IDVR consumers.

The revised agreement will stipulate that, “IDVR will have administrative supervisory responsibility for the hiring, supervision, and performance evaluation of these two individuals” who function as transitional specialists.

IDVR does not agree with the statement by RSA that only 50 percent of the Post Secondary Transition Program (PSTP) specialists’ time was spent working with VR-eligible students or applicants. Contrary to the information contained in this monitoring report, IESDB transitional specialists served only IDVR eligible or potential applicants for VR services. An important part of the specialists’ job is to promote agency services, educate this reluctant sector of the population as to the benefits of participating in VR services, and to explore resources and options. This may entail working with individuals who have not yet committed to applying for services in order to encourage them to apply, or working with those who need extra help in understanding the application process and the benefits of working with VR. These types of activities are similar to those of a VR counselor in the process of recruiting and cultivating new referrals.

IESDB has provided further clarification in the form of a letter sent as an attachment with this response.

RSA Response: As referenced in the finding, IESDB’s statement, as does the agency’s response, substantiates the basis for the finding. Regulations regarding third-party cooperative arrangements mandate the services under the arrangement are only for applicants for, or recipients of, VR services. IDVR’s response refers to potential clients of the third-party cooperative arrangement. Furthermore, IESDB’s program statistics indicated that there are 125 post graduates served by PSTP statewide, as well as 257 high school students eligible for transition services serviced by PSTP; however, of this amount, 75 percent have not been referred to VR as a result of their age and grade level. This means only about 64 individuals have been referred to VR. Even if all 125 plus 64 individuals (189) have been referred to VR, these must be applicants for services, not just referrals. The 75 percent not referred do not qualify as applicants and, therefore, cannot be considered part of the third-party cooperative arrangement. The finding stands as written and RSA anticipates IDVR will complete the corrective actions. In addition, IESDB staff must account for their time since they also serve individuals who are not applicants for or recipients of the VR program.

Technical Assistance: IDVR does not request TA.

2. Non-Allowable Match Source – Contributions by CRP Consortium

Corrective Action 2: IDVR must:

- 2.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will:
 - a. use only allowable non-Federal expenditures for satisfying the non-Federal share requirements of the VR program, as required by 34 CFR 361.60(b);
 - b. use non-Federal funds provided by IACRP or the CRPs for satisfying the VR match requirements only to the extent that those non-Federal funds comply with 34 CFR 361.60(b)(3);
 - c. comply with the initial planning requirements, set forth at section 101(a)(15) of the Rehabilitation Act, 34 CFR 361.29, and 34 CFR 361.49(b), prior to engaging in any activities to establish, develop, or improve a CRP;
 - d. ensure that all activities to establish, develop, or improve a CRP comply with the requirements of 34 CFR 361.49(a)(1) and 34 CFR 361.5(b)(17) and (18);
 - e. use competitive procurement processes to award contracts – not grants, since grants are not permitted under the VR program (34 CFR 76.50(b)(2)) – to CRPs and other vendors; and
 - f. develop and implement policies and procedures, if not already done, as required by 34 CFR 361.49(b), prior to engaging in activities to establish, develop, or improve a CRP; submit the policies and procedures to RSA to ensure completion of this corrective action; and
- 2.2 submit documentation to explain the authority under which IDVR collected match funds from IACRP and awarded VR funds to the CRPs. If IDVR claims that it was permitted to award the funds to the CRPs, pursuant to 34 CFR 361.60(b)(3)(iii), IDVR must submit evidence to demonstrate that the funds were awarded to the CRPs in accordance with the State’s competitive procurement procedures. If IDVR cites the authority to establish, develop, or improve a CRP, pursuant to section 103(b)(2)(A) of the Act and 34 CFR 361.49(a)(1), IDVR must provide documentation to demonstrate that it had complied with all of the preplanning requirements described above, including copies of its relevant policies and procedures, results of the relevant triennial CSNA, and State Plan attachments for the affected years.

Agency Response: IDVR agrees with this finding and will complete the corrective actions.

IDVR will ensure that initial planning requirements set forth at section 101(a)(15) of the Rehabilitation Act, 34 CFR 361.29 and CFR 361.49(b) are implemented prior to the establishment, development, or improvement of a CRP.

IDVR will ensure that all activities to establish, develop or improve a CRP comply with the requirements of 34 CFR 361.49(a)(1) and 34 CFR 361.5(b)(17)(18).

IDVR will develop and maintain a written policy covering the nature and scope of VR services that will be provided to groups of individuals, including those involving the establishment, development, or improvement of CRPs prior to engaging in activities to establish, develop, or improve a CRP.

Technical Assistance: IDVR does not request TA.

3. Failure to Monitor Grant Activities

Corrective Action 3: IDVR must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that IDVR will comply with 34 CFR 80.40(a), to ensure that it will monitor all grant supported activities to assure compliance with applicable Federal requirements and that performance goals are achieved; and
- 3.2 develop and implement policies and procedures to monitor the activities and services of all CRPs that provide services to IDVR consumers, including those through the IESDB contract to ensure that: 1) the services provided are allowable under the VR program and provided only to eligible VR consumers; and 2) performance goals are achieved.

Agency Response:

- 3.1 IDVR will ensure that it will monitor all grant supported activities to assure compliance with applicable Federal requirements and that performance goals are achieved.
- 3.2 IDVR will ensure that it will develop a process for assuring that CRP performance is assessed effectively. This monitoring process will comprise three areas of performance measures: business practices, relationships, and outcomes.

Technical Assistance: IDVR does not request TA.

4. Match Deficit

Corrective Action 4: IDVR must:

- 4.1 cease carrying over Federal funds into the subsequent Federal fiscal year when those funds have not been matched with the requisite non-Federal expenditures from the fiscal year in which the funds were awarded, as required by 34 CFR 361.60(b)(1) and 34 CFR 361.64(b); and
- 4.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that IDVR will comply with 34 CFR 361.60(b), 34 CFR 361.64(b), and 34 CFR 80.24(a) to ensure that IDVR provides sufficient non-Federal funds to match the Federal VR funds drawn down and carried over into the subsequent fiscal year.

Agency Response: IDVR agrees with the finding and will complete the corrective actions.

Technical Assistance: IDVR does not request TA.

5. Failure to Expend Program Income before Drawing Down Federal Funds

Corrective Action 5: IDVR must:

- 5.1 cease drawing down Federal VR funds prior to disbursing all available program income;
- 5.2 provide a written assurance to RSA within 10 days of the final monitoring report that it will disburse all program income before drawing down any Federal VR funds, as required by 34 CFR 80.21(f)(2); and

5.3 take the necessary steps to receive legislative approval and update the payment system so that IDVR will be able to use program income across all VR budget categories, in accordance with the requirements of 34 CFR 80.21(f)(2).

Agency Response: IDVR agrees with the finding and will complete the corrective actions.

Technical Assistance: IDVR does not request TA.

6. Failure to Submit Accurate RSA-2 and SF-269 Reports

Corrective Action 6: IDVR must:

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report indirect costs, all non-Federal expenditures, program income, as well as all financial activities, completely and accurately on the SF-269/FFR-425 reports, and indirect costs on the RSA-2 report, as required by 34 CFR 361.12 and 34 CFR 80.20;
- 6.2 revise the RSA-2 reports for FYs 2004 through 2008, as necessary, to reflect the accurate indirect costs for each of those Federal fiscal years; and
- 6.3 revise the SF-269 reports for FYs 2004 through 2008, as necessary, to accurately reflect the program income earned.

Agency Response: IDVR agrees with the finding and will complete the corrective actions.

Technical Assistance: IDVR does not request TA.

APPENDIX B: ICBVI 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. Quality Assurance

Recommendations: RSA recommends that ICBVI:

- 1.1 ensure that the modifications to the CMS incorporate tracking capabilities for the ATC;
- 1.2 develop and implement a QA system to assess the services provided by the ATC, including administering a consumer satisfaction survey to all students leaving the program;
- 1.3 develop and implement a method to assess the performance of the summer transition programs; and
- 1.4 develop and implement uniform standards and procedures for assessing performance of CRPs to include tracking of referrals, consumer satisfaction, hours worked, wages earned, and outcomes achieved.

Agency Response: ICBVI will develop and implement a QA system as recommended. The case management system will have the ability to track ATC, SWEP, and College Days participation and specific outcomes once the upgrades are implemented. ICBVI will implement a practice of consistent and timely consumer satisfaction surveys as part of the QA system and will implement a QA system for the CRPs to assess effectiveness.

Technical Assistance: ICBVI does not request TA.

2. Interagency Collaboration

Recommendations: RSA recommends that ICBVI:

- 2.1 develop and implement a cooperative agreement with IESDB that includes the roles and responsibilities of each agency;
- 2.2 develop and implement a cooperative agreement with ID WDC and increase efforts to improve the working relationship with ID WDC to address the needs of individuals who are blind or visually impaired;
- 2.3 increase efforts to improve outreach efforts to CRPs and other stakeholders regarding the needs of individuals who are blind or visually impaired, particularly in the areas of job placement and AT;
- 2.4 develop and implement marketing strategies to eye doctors throughout the state to increase the awareness of ICBVI's programs and services; and
- 2.5 develop and implement a method to consult with the CAP on policies, procedures and the State Plan.

Agency Response: ICBVI will implement the recommendations that RSA has noted on interagency collaboration.

Technical Assistance: ICBVI does not request TA.

VR/SE Program Compliance Findings and Corrective Actions

1. Information and Referral

Corrective Action 1: ICBVI must take the steps necessary to establish standards outlining the information and referral process within the ICBVI policy manual, including timelines for contacting individuals following receipt of referrals, as required by 34 CFR 361.41(a).

Agency Response: ICBVI will incorporate into its Vocational Rehabilitation Manual a section on Information and Referral. Specific timelines will be outlined for contacting individuals upon receipt of referral.

Technical Assistance: ICBVI does not request TA.

2. Application for VR Services

Corrective Action 2: ICBVI must take the steps necessary to ensure that the 60-day eligibility timeline begins either at the time the applicant, or the applicant's representative, as appropriate, completes and signs the application, or otherwise requests services from ICBVI, as required by Section 102(a)(6) of the Act and 34 CFR 361.41(b)(2), and revise its policy accordingly.

Agency Response: ICBVI will revise its policy for Application for VR Services. The policy will specifically include the option for an applicant to have applied for services when "otherwise requested VR services" and have the 60-day timeframe apply.

Technical Assistance: ICBVI does not request TA.

3. Financial Participation

Corrective Action 3: ICBVI must take the steps necessary to ensure that individuals receiving SSI and/or SSDI benefits are not required to use these funds to pay for room and board for post-secondary education costs and ATC maintenance costs, as required by 34 CFR 361.54(b)(3)(ii), and revise its policy accordingly.

Agency Response: ICBVI will remove from its policy manual under financial participation any requirement for an individual receiving SSI and or SSDI to participate financially in post-secondary education costs and/or ATC maintenance.

Technical Assistance: ICBVI does not request TA.

4. Cooperative Agreement with Grants to American Indian VR Programs

Corrective Action 4: ICBVI must take the steps necessary to complete a cooperative agreement with Coeur d'Alene Tribe, a section 121 grantee in Idaho, as required by section 101(a)(11)(F) of the Act and 34 CFR 361.24(c).

Agency Response: ICBVI agrees with the finding and will complete the corrective action.

Technical Assistance: ICBVI does not request TA.

Chapter 2: Independent Living Services Program for Older Individuals Who Are Blind

OIB Program Compliance Findings and Corrective Actions

1. 7-OB Reporting of FTEs

Corrective Action 1: ICBVI must take the necessary steps to calculate and report staff FTEs accurately in the annual 7-OB report in accordance with the instructions, Part IIA, to ensure the proper and efficient administration of the program, as required by 34 CFR 367.20(d).

Agency Response: Beginning April 26, 2010, the IL Coordinator began time tracking to accurately reflect and report FTEs in the annual 7-OB report. The Rehab Teachers must now sign their time tracking record and submit it to the IL Coordinator. The part-time staff providing IL and ILOB driving/reading services began time tracking May 17, 2010. These steps will assist in the calculation of staff FTEs.

Technical Assistance: ICBVI does not request TA.

Chapter 3: Fiscal Management of ICBVI VR, SE and the OIB Programs

Fiscal Management Observations and Recommendations

1. Rising MOE levels and Match Requirements

Recommendations: RSA recommends that ICBVI:

- 1.1 implement policies or procedures that include ongoing reviews of the MOE levels and non-Federal expenditures necessary to ensure that the agency meets this requirement in future years; and
- 1.2 establish policies or procedures to facilitate collaboration with IDVR management and fiscal staff to ensure that the state match and MOE requirements are met.

Agency Response: ICBVI did not respond.

Technical Assistance: ICBVI does not request TA.

Fiscal Management Compliance Findings and Corrective Actions

1. Failure to Implement Internal Controls to Ensure Proper Administration of the VR Program

Corrective Action 1: ICBVI must:

- 1.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that ICBVI will comply with 34 CFR 361.12, 34 CFR 367.4(a)(6), and 34 CFR 80.20, especially with regard to ensuring proper and efficient administration of the VR and OIB programs and accurate financial accounting of funds for services provided through the medical consulting and Low Vision Clinic services contracts; and
- 1.2 develop and implement policies and procedures to ensure that:
 - a. verifiable supporting documentation is available for expenditures, including those used for satisfying a cost sharing or matching requirement, to ensure they are allowable under the VR and OIB programs, as appropriate;
 - b. fiscal controls, including the segregation of duties, permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable Federal requirements; and
 - c. internal controls are in place to ensure that all program assets are maintained and accounted for, and used solely for authorized purposes.

Agency Response to Finding 1A: Contracts for Dr. Dwight Hansen and Medical Billing Specialists, Inc. have been updated to provide an accurate description of what services the contractors are required to provide and signatures obtained on January 1, 2011.

Agency Response to Finding 1B: Effective April 26, 2010, the IL Coordinator initials, dates, and designates which program (IL or OIB) on all invoices submitted by the Rehabilitation Teachers due to the fact the teachers do not have assistants to use in the management their cases. However, we do not agree these sections are worded correctly. While it is accurate to state in all three programs, VR, IL Part B, and OIB, the same individual is able to 1) enter the services to be provided for consumers; 2) choose the provider; 3) then create an Authorization for Services which obligates ICBVI, it is not accurate the same individual approves payment for the services provided. It is also not accurate to state one individual has complete control of the process or that ICBVI has not implemented a system of internal controls.

The case manager of the respective program and client agree to services to be provided and agree which provider will be used. Then the case manager, or the VRA in the VR program, does create the Authorization for Services. A case manager or VRA cannot create an Authorization to any vendor he or she chooses; the vendor must be set up through the State of Idaho Controller's Office which verifies vendor information (TIN and name) with the Internal Revenue Service. Prior to the Authorization being "released" into the case management system for payment, it is reviewed by the Management Assistant. The review includes the appropriateness of the vendor, i.e., the case manager is not authorizing to a family member, themselves, or a fictitious vendor; description of service to be provided to ensure it is an allowable expenditure; then internal information is reviewed such as dates of service fall within the fiscal year and the detail code used corresponds to the service being described.

The Administrator and the Management Assistant are the only positions in the agency with the authority at the state level to approve invoices to be paid. The process undertaken by case managers and/or VRAs is providing the direct service to the consumer then to communicate decisions by reducing those decisions to an Authorization for Services. When an invoice is received the case manager and/or VRA stamps the invoice, initials it, and then passes it to accounting for payment. The stamp is simply a verification that the service did in fact take place by the selected service provider; the service was provided during the specified dates of service identified on the Authorization for Services; and the cost was the agreed upon amount.

Accounting's responsibility is to ensure compliance with State and Federal rules and regulations. The Financial Support Technician is the first level of review for compliance once invoices are sent to accounting. After review the invoices are entered for payment on ICBVI's system, batches are electronically submitted to the Statewide Accounting and Reporting System (STARS) at the Idaho State Controller's Office. Once the batches are available on STARS the paperwork is reviewed by either the Administrator or the Management Assistant who then signs the documents as approval for payment. The final step in the process is the electronic signature of the Administrator or Management Assistant on STARS which releases the batch for actual payment.

RSA Response: To ensure fiscal accountability for generating authorizations and processing invoices at the field level, it is important to have a clear separation of duties to demonstrate the internal controls necessary to safeguard funds. Specifically, if the same individual performs the following steps: 1) enters the services to be provided for consumers; 2) chooses the provider of those services; 3) authorizes the services, which obligates ICBVI to make payment for those services; and 4) approves payment for the services provided, then internal controls have not been established. To clarify step 4, RSA considers the act of stamping the invoice, initialing it to verify services have been provided, and forwarding it to accounting for payment as approving the invoice in the sense that it is now ready for processing by management and/or accounting staff. In the VR program, the VRA takes direction from the VR Counselor; therefore, a true separation of duties would involve another individual at the same staff level as the VR Counselor or higher, such as another VR Counselor or supervisor, to conduct some of these functions. Based upon the information provided, the finding stands as written and RSA anticipates that ICBVI will complete the corrective actions.

Technical Assistance: ICBVI does not request TA.

2. Unallowable Expenditures – Services Provided to Non-VR Consumers

Corrective Action 2: ICBVI must:

- 2.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that payments for expenditures will comply with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20(a), and the Federal cost principles set forth in OMB Circular A-87;
- 2.2 cease using Title I VR funds to pay for expenditures incurred by ICBVI for individuals who are not ICBVI VR consumers; and

2.3 develop policies and procedures to ensure that expenditures incurred for the provision of services by the Low Vision Clinic are properly allocated to the appropriate program.

Agency Response: After the on-site visit, ICBVI made accounting adjustments to eliminate federal participation in the Low Vision Clinic after October 1, 2009.

Technical Assistance: ICBVI does not request TA.

3. Failure to Monitor Grant Activities

Corrective Action 3: ICBVI must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that ICBVI will comply with 34 CFR 80.40(a), to ensure that it will monitor all grant supported activities to assure compliance with applicable Federal requirements and that performance goals are achieved; and
- 3.2 develop and implement policies and procedures to monitor the activities and services provided by the contractors to ensure that: 1) the services provided are allowable under the relevant Federal program and provided only to eligible consumers of that program; and 2) performance goals are achieved.

Agency Response: After the on-site visit, ICBVI made accounting adjustments to eliminate federal participation in the Low Vision Clinic after October 1, 2009.

Technical Assistance: ICBVI does not request TA.

4. Failure to Conduct Periodic Certifications

Corrective Action 4: ICBVI must:

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.12, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, 8.h.3; and
- 4.2 develop policies and procedures to ensure that, at a minimum, semi-annual certifications are completed for all employees working solely on one federal grant program, or cost objective by either the employees themselves or their supervisors.

Agency Response: At the on-site visit, VRCs were not certifying their time and it was not clear if an electronic signature was acceptable so the entire process of entering program codes was not addressed. An e-mail on June 7, 2010 from RSA verified electronic signatures are allowable for personnel activity reports. Based on that additional information, it is relevant to note that once a time sheet was electronically signed and submitted by a VRC to his or her supervisor and the supervisor approved it electronically. Although the Management Assistant edited the time sheet to enter the program codes, the state of Idaho's payroll system requires a comment to be entered before an edit can be done and then requires the individual to re-sign their time sheet to verify the edits. Effective June 2010, VRCs are entering program codes on I-time system prior to submitting to the supervisor for approval as certification.

Technical Assistance: ICBVI does not request TA.

5. Assigning Personnel Costs – VR Program

Corrective Action 5: ICBVI must:

- 5.1 cease using Title I funds for personnel costs that are incurred in the administration of other programs, such as the IL and OIB programs;
- 5.2 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, 8.h.4 and 8.h.5; and
- 5.3 submit a plan, including timelines, describing the corrective actions that will be taken, as required by 2 CFR part 225, Appendix B, 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 ICBVI pursuant to Federal program requirements.

Technical Assistance: ICBVI does not request TA.

6. Inaccurate Reporting: RSA-2 and SF-269 Reports

Corrective Action 6: ICBVI must:

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will disburse program income before drawing down federal funds, as required by 34 CFR 80.21(f), and will submit accurate reports to RSA, as required by 34 CFR 361.12 and 34 CFR 80.20;
- 6.2 revise the RSA-2 for FYs 2004 through 2008 to accurately report: 1) indirect costs incurred; 2) funds expended to run a state-operated CRP; and 3) the classification of Counselor staff for each of those Federal fiscal years; and
- 6.3 revise the FY 2008 SF-269 reports as needed to accurately reflect the disbursement of program income.

Agency Response: ICBVI agrees with the finding and will complete the corrective actions.

Technical Assistance: ICBVI does not request TA.

7. Assigning Personnel Costs – OIB Program

Corrective Action 7: ICBVI must:

- 7.1 cease using OIB funds for personnel costs that are incurred in the administration of other programs, such as the IL Part B program;
- 7.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 367.11, 34 CFR 80.20(a), and 2 CFR part 225, Appendix B, Items 8.h.4 and 8.h.5; and

7.3 submit a plan, including timelines, describing the corrective actions that will be taken, as required by 2 CFR part 225, Appendix B, Items 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 ICBVI (excluding the SE program under Title VI-B, which can legally be charged to the VR program).

Agency Response: IL Coordinator began time tracking on April 26, 2010. ICBVI agrees with the finding and will complete the corrective actions.

Technical Assistance: ICBVI does not request TA.

APPENDIX C: ID IL RESPONSE

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

Chapter 1: IL Program Performance Observations and Recommendations

1. Memorandum of Agreement between the SILC and DSUs

Recommendations: RSA recommends that IDVR and ICBVI:

- 1.1 develop a MOA between the DSUs and the SILC for the FY 2011-2013 SILC resource plan;
- 1.2 revise the provisions of the state statute establishing the SILC to ensure that both DSUs have an oversight role for the IL Part B funds in the SILC resource plan; and
- 1.3 develop a monitoring protocol to account for the IL Part B funds provided to the SILC.

IDVR Agency Response: IDVR agrees with the finding, will complete corrective actions.

ICBVI Agency Response: ICBVI did not respond.

Technical Assistance: Neither IDVR nor ICBVI request TA.

2. IDVR Contract with DAC for IL Part B Services

Recommendation: RSA recommends that IDVR revise its contract with DAC to specify the following: how DAC will utilize the IL Part B funds it receives from IDVR, the documentation required to support DAC invoices, the mechanism IDVR will use to evaluate the contract's effectiveness, and the corrected timeframe for the expenditure of ARRA IL Part B funds.

IDVR Agency Response: IDVR did not respond.

ICBVI Agency Response: ICBVI did not respond.

Technical Assistance: Neither IDVR nor ICBVI request TA.

IL Program Compliance Findings and Corrective Actions

1. 704 Part I Reporting of FTEs

Corrective Action 1: ICBVI and IDVR must take the necessary steps to calculate and report staff FTEs accurately in the annual 704 Part I report in accordance with the instructions.

IDVR and ICBVI Response: IDVR and ICBVI agree with the finding and will complete the corrective action.

Technical Assistance: Neither IDVR nor ICBVI request TA.

Chapter 2: Fiscal Management Observations and Recommendations

Fiscal Management Observations and Recommendations

1. SILC providing non-Federal share for SPIL Resource Plan Funds

Recommendation: RSA recommends that IDVR and the SILC discontinue the “mark down” process on SILC invoices and ensure the SILC submits invoices that reflect the actual costs that IDVR has agreed to pay.

IDVR Agency Response: IDVR did not respond.

Technical Assistance: IDVR does not request TA.

Fiscal Management Compliance Findings and Corrective Actions

1. Internal Controls of IL Staff to Ensure Proper Invoice Processing (IL Part B)

Corrective Action 1: ICBVI must:

- 2.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that ICBVI will comply with 34 CFR 364.34 and 34 CFR 80.20; and
- 1.2 develop and implement policies/procedures to ensure that internal controls, including segregation of duties, are in place to ensure that all program assets are maintained and accounted for, and used solely for authorized purposes.

ICBVI Response: Effective April 26, 2010, the IL Coordinator began reviewing, dating, and initialing all IL/ILOB expenditures to ensure all program assets are maintained and accounted for. ICBVI agrees with the finding and will complete the corrective actions.

Technical Assistance: ICBVI does 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 Social Security Administration 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 Social Security Administration 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).