CENTERS FOR INDEPENDENT LIVING

COMPLIANCE REVIEW REPORT

Suncoast Center for Independent Living

GRANT # H132A940028

REVIEW DATES: March 21 – 24, 2011

Draft Report: May 23, 2011

CIL Response: June 30, 2011

Final Report: July 18, 2011

REHABILITATION SERVICES ADMINISTRATION

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I. PURPOSE OF THE ON-SITE MONITORING REVIEW

Sections 706(c) and 722 of the *Rehabilitation Act of 1973, as amended* (the act) mandate that the Rehabilitation Services Administration (RSA) conduct on-site reviews of Centers for independent living (CILs) funded under Title VII, Part C, Section 722. The objectives of on-site reviews are to:

- assess compliance with the requirements of Section 725(b) and (c)(3) of the act and 34 CFR 366.60-360.63;
- study program operations, organizational structure and administration of the CIL under Section 725(c)(1), (2), (5) and (6) of the act and 34 CFR 366.2 and 366.50;
- review documentation sufficient to verify the accuracy of the information submitted in the most recent 704 Annual Performance Report;
- verify that the CIL is managed in accordance with federal requirements in the Education Department General Administrative Regulations (EDGAR);
- assess CIL conformance with its work plan, developed in accordance with Section 725(c)(4) of the act and 34 CFR 366.50(d)(2), conditions of the CIL's approved application and consistency with the State Plan for Independent Living (SPIL);
- identify areas of suggested or necessary improvements in the CIL's programmatic and fiscal operation and provide technical assistance resources available on the local, state, regional and national level;
- identify areas of exemplary work, projects and coordination efforts and make this information available to the larger CIL community; and
- provide an opportunity to share information with experienced nonfederal individuals involved in the operations of CILs and make available technical assistance to enhance CIL operations or to minimize or to eliminate problem areas.

II. METHODOLOGY

The on-site review was conducted on March 21-24, 2011. The program review covered the independent living (IL) operations and activities of the Suncoast Center for Independent Living (SCIL) and the financial review examined the center's participation in Title VII, Part C, of the act. RSA used the On-Site Review Guide (ORG) to conduct the on-site review. During the review, interviews were conducted with the center's board of directors, consumer advisory council, management, staff, consumers, and stakeholders. In addition to the interviews, program and financial documents were reviewed in accordance with the protocol required by RSA's ORG, including a sample of consumer service records (CSRs), and other documents that verified compliance with standards and indicators. CSRs were selected for review on a random basis. The review team conducted an exit conference at the conclusion of the review to provide feedback on initial impressions from the review.

The RSA review team included the following individuals:

- Deborah Cotter, RSA program specialist;
- Yavonka Archaga, CPA, nonfederal reviewer; and
- Julia Kates and Denise Frederick, representatives, designated state unit (Florida Division of Vocational Rehabilitation).

III. MISSION AND DESCRIPTION

The mission of the Suncoast Center for Independent Living (SCIL) is to help persons with disabilities achieve their full potential through independent living services and advocating for the elimination of social and physical barriers to community integration.

SCIL serves Sarasota and Manatee counties and was first awarded a RSA grant under Title VII, Chapter 1, Part C, of the *Rehabilitation Act of 1973, as amended*, in 1994.

In addition to the four core services, SCIL is involved in the programs and projects described below on behalf of individuals with significant disabilities.

- **Independent Living Skills (ILS) Transition Center** – The SCIL Transition Center prepares consumers for community integration by offering educational, vocational, ILS training, socialization and recreational workshops. The Center also provides appropriate training in order to help consumers achieve their independent living goals. The SCIL Transition Center conducts outings to increase community awareness, social and transportation skills. The Helpers and Achievers Youth Transition group provides youth, peer counseling, and mentoring services. The Transition Center also provides an array of support groups and peer counseling services.
- **Employment services** – SCIL conducts employment workshops to increase consumers' skills and awareness in: employment etiquette, employment discovery through job search, computer skills, cover letter and resume writing, employment marketing, networking, and interviewing skills.
- **Vocational services** – SCIL's career development services increases consumers' skills and awareness in: employment etiquette and employment discovery through job search, cover letter and resume writing, employment marketing, job development, networking, job coaching, and interviewing skills.
- **Assistive Technology -** SCIL solicits computer hardware and software donations. Volunteers, who have technical experience repair the donated equipment, modify it to accommodate an individual consumer's need, and lend it to the consumer for an indefinite period of time. SCIL helps consumers repair computer devices when components fail. SCIL has its own in-house computer center, with a variety of assistive technology devices – hardware and software. Consumers can learn how to use a computer through computer skills training at the center, as well as try hardware and software before borrowing it.
- **Medical Equipment Loan & Repair program** - SCIL provides medical equipment loans and assistive devices, both new and "gently used," from a assortment of sources, including donations, which SCIL lends free of charge, for as long as the consumer needs it. SCIL also helps consumers repair medical equipment as needed. The equipment specialist maintains the equipment and delivers equipment to consumers and/or returns items to the warehouse.
- **Home modification/ramp building services** - SCIL helps make modifications in consumers' homes by building ramps through a program called 6 Ramps/6 Days, and installing grab bars, and suggests other modifications. The ramp program is funded through a county grant.

- **Portable Modular Ramp Program -** SCIL builds wheelchair ramps for Manatee and Sarasota County residents with a disability through the use of volunteers and contractors. This program is funded by county grants and unrestricted donations.

IV. ORGANIZATIONAL STRENGTHS AND EMERGING PRACTICES

Transition: Consumers and board members reported that SCIL employs high caliber staff in the IL Skills Transition Center, including the IL Program Coordinator who, according to consumers and/or their parents, is well versed in assisting individuals with behavioral and socialization issues, particularly in teaching individuals who are labeled non verbal to express themselves. For example, a young woman, who was originally labeled non verbal when she came to the Transition Center but was singing songs when the reviewers met her at during the onsite. ILS Transition Center consumers reported that these classes raised their expectations about themselves and their parents' expectations about the students' abilities. Another example was a young person who was pleased that SCIL had worked with his teachers, parents, and him on his Individualized Education Plan. As a result, the student will earn a high school Green diploma, which is in between a certificate of completion and a high school diploma. This student indicated that this type of degree will open more opportunities for him than just the certificate of completion.

Youth Transition: The Helpers and Achievers Transition Youth Program was created in partnership with parents, young adults with disabilities, and the ILS Transition Center to address the growing need for independent living and transition skills for youth with disabilities. The youth program includes students and recent graduates of different household incomes, disabilities, and educational backgrounds. For example, some students were home-schooled or attended private or public schools in either Sarasota or Manatee County. SCIL youth voted for this name to demonstrate their dedication to work as a team to help each other to achieve independence.

Volunteer Involvement: In addition to volunteers who assist with a variety of CIL activities, SCIL has a core cadre of volunteers with technical expertise who repair computer equipment that has been donated to SCIL and is subsequently loaned out to consumers in need. The SCIL Volunteer Coordinator recruits individuals with technical and/or electrical skills to volunteer while the Mobility Coordinator supervises these volunteers. This program is funded by a grant from Sarasota and Manatee Counties to ensure that individuals with disabilities can access the Internet and gain computer competence. Consumers reported satisfaction with the assistance they received and described how the equipment enhanced their lives. The review team met with a group of the computer tech volunteers, many of whom are retired electrical or mechanical engineers. These older men who lightheartedly refer to themselves as the "Geezer Geeks," reported that helping many consumers raised their awareness about issues individuals with disabilities face while enabling the volunteers to continue to utilize their technical skills. The volunteers also indicated that they help to spread the word in their communities about this and other SCIL-sponsored programs.

V. OBSERVATIONS AND RECOMMENDATIONS

During its review activities, RSA identified the observations below and made recommendations that SCIL may consider.

1. Board Training Plan

Observation: SCIL does not have a training policy and/or plan for board members. SCIL's board of directors expressed commitment to supporting the center's operations and consumer services. The review team observed that some of the board members were not familiar with key components of their programmatic and fiscal oversight responsibilities, such as a review of the Center's budget and expenditures. Similarly, in interviews with board members, many were unable to describe the four core services mandated by the Act. Representatives of the designated state unit (DSU, the Florida Division of Vocational Rehabilitation) informed the review team that a review of the CIL conducted by the DSU before the RSA on-site visit identified IL philosophy and history and the Florida Sunshine Act as areas for which SCIL required technical assistance. In interviews with board and staff, it was reported that the state authority responsible for administering the training has been unable to schedule training on the Sunshine Act with SCIL staff and board. Board members have participated in a training conducted by the DSU on the State Independent Living Services Program (Part B) of the Act.

Most of the CIL's board members are new and they expressed a strong interest in participating in training that will facilitate their understanding of CIL board roles and responsibilities. In board and staff interviews, the Community Foundation of Sarasota County and its Nonprofit Resource Center was mentioned as a resource that offers training about nonprofit management in the county when a nonprofit board requests assistance.

Recommendation: RSA recommends that SCIL:

1.1 develop a training policy and plan for all board members and CIL employees;
1.2 implement a plan for continuous board training regarding the grants management and financial requirements in EDGAR, OMB Circulars such as A-122, and Title VII of the Act, including the Standards and Assurances in Section 725; and
1.3 participate in board training on the IL philosophy, such as what every new board member and executive director should know that includes background information on the history of the IL Movement and program.

Technical Assistance: Courses available through the Independent Living Research Utilization (ILRU) and the Association of Providers of Rural Independent Living (APRIL) as well as participation in other workshops and conferences may be utilized to fulfill requirements established in the Center's forthcoming training policy and plan. Additionally, it appears that Sarasota County has free resources available to non profits to enhance operational and fiscal management.

2. Drug-free Workplace Training

Observation: SCIL complies with the drug-free workplace requirements. However, the CIL does not have ongoing drug-free workplace awareness trainings.

Recommendation: The review team recommends that SCIL develop, implement, and document an annual staff training regarding drug-free awareness. Training should provide information regarding penalties, consequences of drug use in the workplace, and available rehabilitation programs.

3. Consumer Advisory Council (CAC)

Observation: Currently, individuals join CAC when he or she expresses an interest or if a SCIL staff member encourages the individual to join. There are no nomination or appointment processes. The SCIL CAC members reported that, although the Council currently has a liaison to the board of directors, the board rarely takes action on CAC proposals. For example, it was reported that while some CAC-proposed changes to SCIL's web site have been made, CAC programmatic and/or operational proposals have not been considered or have been rejected by the board. CAC members expressed frustration by the lack of their proposals that are approved and implemented. The chair of CAC is a SCIL staff member who helps organize the Council's advocacy activities and as a former SCIL consumer, serves as a peer mentor. There are no written policies or procedures concerning the roles and responsibilities of the CAC, nor is there a written nomination process.

Recommendation: RSA recommends that SCIL:

3.1 develop policies and procedures that outline the roles and responsibilities of the Consumer Advisory Council, in consultation with CAC members, including the roles of staff and board liaisons as well as information about the nomination and selection process, and term limits, as appropriate; and

3.2 CAC members elect the chairperson who is not a SCIL employee (Having a current/former consumer serve as chair that is not a SCIL employee, with SCIL staff as a liaison, may afford the Council more autonomy and influence with the SCIL board.).

4. Consumer Satisfaction Surveys

Observation: Consumer satisfaction surveys conducted by the CIL contain consumers' names. As noted in the CSR management finding below, during a review of CSRs, consumers' signed, completed surveys were found in CSRs, not affording consumers privacy. The SCIL customer satisfaction questionnaire response rate was less than one percent of those surveyed and SCIL received almost 96 percent consumer satisfaction.

Recommendation: RSA recommends that SCIL review its consumer satisfaction procedure to provide more anonymity in consumers' responses. This change would be designed to increase the response rate and provide a more accurate reflection of the services provided.

Technical Assistance: In implementing this recommendation, SCIL may consider surveying consumers at various stages of their work with the Center. Also, a suggestion box at the Center's office and/or self-addressed stamped envelopes for mailing surveys may encourage greater consumer feedback. Removing the field on the form requesting consumers' names would help promote anonymity and consumer confidentiality.

5. Consumer Service Records

Observation: The review team observed that the narratives in the center's CSRs provide minimal documentation about how SCIL's IL specialists facilitate the development and achievement of consumers' IL goals.

Recommendation: RSA recommends that SCIL develop procedures to enhance documentation related to how IL specialists facilitate the development and achievement of consumers' IL goals.

6. Program Objectives and Planning

Observation: The SCIL board recently developed a three-page strategic plan that contains vague goals with no objectives, nor time frames in which the goals shall be achieved.
For example, under Goal #6, Expand Volunteer Program, recruit volunteers, training manual, new volunteer orientation, volunteer support and recognition, and partnership opportunities are listed. However, there are no objectives or strategies as to how SCIL will achieve this and no time frame for completion.

Additionally, the strategic plan contains no program-specific programmatic or financial management goals and objectives. In interviews, board members and staff indicated that the CIL hoped to work with the person who facilitated the strategic planning session to develop specific, measurable, and time-bound goals and objectives. A few board members expressed frustration with the lack of specificity in the plan. As a result of the unspecified goals and nondescript lists, several board members interpreted the goals and how to achieve these goals differently, as did the CIL staff and each provided differing methods of achieving the goals. As a result, the SCIL board is unable to evaluate the CIL's performance and plan for future activities.

Recommendation: RSA recommends that SCIL:

6.1 include programmatic and financial goals objectives, including resource development;
6.2 address the overall the center's goals, mission, service priorities, and types of services to be provided; and be consistent with the most recent three-year Florida State plan for Independent Living; and
6.3 consider board and staff training needs and take into account consumer feedback regarding the center's services or policies.

Technical Assistance: Courses offered by the Independent Living Research Utilization (ILRU) National Training & Technical Assistance Project may help enhance SCIL's strategic management and assist in developing a measurable strategic plan.

7. Policies and Procedures

Observation: The SCIL by-laws outline CIL board responsibilities, indicating that the board determines the goals, objectives, and policies of the organization. However, SCIL has no written programmatic policies or procedures and few fiscal policies.

- While the Employee Manual addresses several issues such as equal employment opportunity and affirmative action and the Accounting Manual contains some policies on how often various grant reports should be issued and records retention, the Center does not follow these procedures.
- In staff and board interviews, several individuals acknowledged that some board members contact staff other than the executive director to carry out tasks despite the by-laws' clear direction that board members should not contact staff without the authorization of the executive director.

- Although the by-laws indicate that daily operations of SCIL are the responsibility of the executive director, staff and board members acknowledged that some board members have performed duties of the executive director. For example, the board members have conducted searches for office space without the involvement of the executive director. Similarly, staff and board members reported that the executive director has made policy decisions without the board, contrary to the by-laws. For example, staff reported that many board members had not been provided with a copy of an April 2010 forbearance agreement the CIL had entered into with Third Fifth Third Bank, a Michigan banking corporation, concerning loan repayment. The first time some board members received the April 2010 document was a year later, when RSA requested a copy of the agreement as part of continued follow up from the on-site review. Board meeting minutes over the past twelve months do not reflect board consideration of the forbearance agreement with the bank.
- Although the Director of Financial Operations maintains personnel files of SCIL staff, the executive director's personnel file was not able to be located. The SCIL staff indicated that the executive director maintains his personnel file. During interviews with staff and board members, several people reported that the board had not conducted an annual evaluation of the executive director's performance since 2008, pursuant to the CIL's by-laws. In interviews with board and staff, individuals spoke of a lack of trust and respect between the board and staff, particularly management staff. Interviews with consumers, without prompting from the RSA review team, consumers were taking sides with the staff, based on which staff provided services to them.

Based on this information, without written policies and procedures and without the board and staff's adherence to the CIL by-laws, SCIL operations and services appear inconsistent and arbitrary. Further, consumers are unaware of how they can file a grievance about services.

Recommendation: RSA recommends that SCIL:

7.1 achieve consistency between SCIL by-laws and the Center's actions RSA encourages SCIL to develop policies and procedures that board, staff, and consumers will use for guidance (For example, the board will conduct an annual evaluation of the executive director or revise the by-laws to reflect current practice of not conducting an annual review of the executive director.); and

7.2 board and staff receive regular training on the CIL policies and procedures, as appropriate. RSA Further recommends that SCIL develop consumer grievance policies and procedures and provide and explained to all SCIL consumers.

VI. FINDINGS AND CORRECTIVE ACTIONS

RSA identified the compliance findings below. Within 30 days of receipt of the final report, SCIL must submit a corrective action plan (CAP) to RSA for review and approval. The CAP should include: (1) the specific corrective actions that the CIL will undertake in response to each finding; (2) the methodology that the CIL will utilize to evaluate if each corrective action has been effective; and (3) the timetable for the implementation and evaluation of the corrective action.

Finding 1: 704 Part II Reporting of Consumer Demographics

Legal Requirement:

34 CFR 364.35

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.

34 CFR 364.36 With respect to the records that are required by Sec. 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.

34 CFR 366.50(h) To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that the applicant will conduct an annual self-evaluation, prepare an annual performance report, and maintain records adequate to measure performance with respect to the standards in subpart G.

34 CFR 366.50 (i) The annual performance report and the records of the center's performance required by paragraph (h) of this section must each contain information regarding, at a minimum (1) The extent to which the center is in compliance with the standards in section 725(b) of the Act and subpart G of this part (Cross-reference: See Secs. 366.70(a)(2) and 366.73); (2) The number and types of individuals with significant disabilities receiving services through the center; (3) The types of services provided through the center and the number of individuals with significant disabilities receiving each type of service.

Facts and Analysis: The review of CSRs, data collection and recording practices of SCIL demonstrated that the data reported by the CIL in the 704 Report Part II are not statistically accurate. Discussions with the CIL executive director and staff revealed that the inaccuracy in reporting was a result of unwritten policies and procedures for consistently recording and documenting the services staff provide to consumers. For example, there is a lack of recording of hours staff conduct outreach and community awareness activities. Some of this failure to document stems from technology breakdown, and some staff report activities or services differently. Representatives of the designated state unit (DSU) informed the review team that a review of the CIL conducted by the DSU before the RSA on-site visit revealed this as a technical

assistance need for SCIL. The DSU is in the process of working with SCIL and other Florida CILs to improve data reporting.

Of the CSRs reviewed by the RSA team:

- 4 of 25 did not include documentation of consumer eligibility or ineligibility;
- 24 of 25 of the CSRs included both a signed ILP and a waiver dated with either the same date or within days of signing an ILP;
- 14 of 25 included the consumer's completed customer satisfaction survey; and
- 12 of 25 did not indicate the goals that were achieved.

In view of the foregoing, it was not possible for the RSA team to substantiate SCIL's 704 Annual Performance Report (704 Report) data related to the numbers of IL goals achieved, ILPs developed and waivers signed by consumers.

Finding: SCIL is not in compliance with the requirements of 34 CFR 366.50(h) and 34 CFR 366.50 (i) because the review of CSRs, data collection, and recording practices indicated that the data submitted in SCIL's FY 2010 704 Part II Report were not statistically accurate.

Corrective Action: SCIL must take the steps necessary to report accurate data in its annual 704 Part II Report consistent with the requirements at 34 CFR 366.50(h) and 34 CFR 366.50 (i).

Technical Assistance: To achieve compliance with this finding, RSA encourages SCIL to continue to work with the DSU for hands-on technical assistance to correct reporting deficiencies. The CIL should conduct an assessment of all CSRs to determine those that are active and those that are inactive, and set up a filing system to maintain files in each category.

SCIL Response: Since the inception of the new Executive Director, SCIL has made great strides in its monthly reporting. Staff trainings and orientations have been conducted; educating staff on the Center's COMS data system. The center was underutilizing the Centers data base which generates the annual 704 report. A program manual has been developed to educate staff on individual services, how to enter data, how to identify goals, when goals are met, and consumer demographics, etc.

RSA Response: RSA agrees with this corrective action plan. Please provide RSA with a copy of the program manual and a schedule of training sessions.

Finding 2: Grant Related Income

Legal Requirement:

34 CFR 364.6 Requirements that apply to the obligation of Federal funds and program income.

EDGAR 34CFR 74.14 Special award conditions

EDGAR 34 CFR 74.2 Program Income

Facts and Analysis: SCIL generates program income from a former employee who is paying restitution to the CIL in compliance with a legal ruling in which the employee was indicted and

convicted of embezzlement. The CIL also receives income from rental payments from lease agreements. As noted in the Areas for Further Review section below, SCIL purchased the office building and is servicing the debt with federal award funds.

Finding: SCIL is not in compliance with 34 CFR 364.6, EDGAR 34 CFR 74.14, and EDGAR 34 CFR 74.2 because program income generated by the grant is unaccounted for and not used for program activities. There is no evidence that funds received from a restitution settlement and funds earned from rent are funds are being used for program activities.

Corrective Action: SCIL must take corrective action to:

2.1 revise its accounting manual to develop financial policies and procedures to track all funds and to ensure that all funds generated by the grant are used only for authorized Part C program activities; and
2.2 provide RSA with written information concerning the details of the bank loan repayment, including what sources and what amount of funds have been used and what steps the CIL is taking to ensure that the required internal controls are in place to prevent the CIL from being put at risk of embezzlement and financial mismanagement.

SCIL Response: SCIL is revising its accounting manual which will enhance financial policies and procedures when tracking funds and to ensure that all funds generated by the grant are used only for authorized Part C program activities. SCIL will provide RSA with written information concerning the details of the bank loan repayment, including what sources and what amount of funds have been used and what steps the CIL is taking to ensure that the required internal controls are in place to prevent the CIL from being put at risk of embezzlement and financial mismanagement. SCIL conducts an annual financial audit with an independent auditor, which reported that internal controls were in place, see management letter of financial audit.

SCIL does not receive monies from a lease agreement. The lease agreement was with Suncoast Independent, LLC. There are no current lease agreements in place. The two condominiums which are owned by Suncoast Independent, LLC are being foreclosed by Fifth Third Bank. Suncoast Independent, LLC was formed to purchase the land and the building. SCIL is looking forward to the dissolution of Suncoast Independent, LLC in the near future. Suncoast Independent, LLC has retained an attorney to handle this transition, so that SCIL will not be involved.

RSA Response: RSA agrees with this corrective action plan. However, RSA requests that SCIL provide a timeline for completing the accounting manual and send the requested information to RSA.

Finding 3: Property Procedures

Legal Requirement: EDGAR Sections 74.41 through 74.48 contain standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property, and other services with Federal funds. These standards are designed to ensure that these materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders.

Office of Management and Budget (OMB) Circular A-110, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the federal government.

Facts and Analysis: Although the SCIL Accounting Manual contains policies and procedures about approval for expenditures and requisitions and also refers to conducting an inventory of donated computer equipment, SCIL does not adhere to these.

- The inventory records maintained by SCIL consisted of a listing of some office equipment. There was limited description of the equipment with no serial or model number, identification of funding source, acquisition cost or date, or current condition.
- The RSA review team observed some numbers on desks and office furniture, but these did not correspond to the items on the list provided. CIL staff indicated that an inventory of equipment, including equipment at an off-site storage facility, had not been conducted in several years.
- While much of the "equipment" listed by SCIL would not meet the federal thresholds established in 34 CFR 74.2 (under the definition of "equipment"), grantees may establish lower thresholds and are required to comply with their own internal policies and procedures. Without adequate records and without written CIL procurement policies and procedures, RSA was unable to determine the minimum office equipment that would need to be tracked for federal accountability purposes.
- In terms of the computer and DME, the Equipment Specialist delivers DME and computer equipment to consumers between the warehouse and CIL, as needed, and maintains a daily list of which items go to which consumers or to the warehouse. SCIL staff maintains contact with the Equipment Specialist via cell phone in case any delivery changes are needed. A copy of an inventory of equipment in the warehouse or a list of computer and/or DME equipment loaned to consumers was unavailable to the RSA review team. The Center relies on staff, volunteers', and consumers' memories about the location of DME and computer equipment. Staff emphasized that consumers know what devices and equipment they are borrowing. If someone is looking for a piece of equipment and neither the Equipment Specialist nor the volunteers remembers where the equipment is, the Equipment Specialist indicated that he can check in the off-site warehouse.
- The RSA review team reviewed 5 CSRs for consumers participating in the DME and/or computer equipment loan programs, which are kept separate from CSRs for consumers of IL services. DME and computer equipment loan program CSRs contained little information about the items on loan to consumers. Of the 25 IL CSRs reviewed by the RSA review team, none contained information about DME or equipment loans. However, in interviews with staff and volunteers, some of the IL consumers also borrow DME and/or computer equipment.

As a result of the above, by not maintaining adequate inventory records, including information related to the disposition of equipment, SCIL cannot demonstrate compliance with federal requirements or properly safeguard assets purchased with federal grant funds.

Finding: SCIL property management does not meet the requirements of EDGAR 34 CFR 74.34(f)(3) because the center does not have extensive adequate written policies or procedures

related to property and equipment inventory control, maintenance, insurance coverage, disposition, and investigation and reporting of theft or damage.

Corrective Action: SCIL must take corrective action to develop appropriate written property and procurement policies and procedures. SCIL must conduct inventories in accordance with EDGAR 34 CFR 74.34(f)(3) to ensure appropriate tracking of funds and equipment. These actions should clearly delineate and assign responsibilities in this area to establish internal controls. This will include an inventory of the center's on-site property and off-site warehoused equipment associated with the computer equipment and DME loan programs, including which consumers have which equipment, as well as the materials for the ramp building program.

Further, all policies and policy revisions should, at a minimum, be dated to ensure that current policies are utilized in the administration of the Center's programs.

SCIL Response: SCIL is taking corrective actions to develop appropriate written property and procurement policies and procedures. SCIL is conducting inventories in accordance with EDGAR 34 CFR 74.34(f)(3) to ensure appropriate tracking of funds and equipment.

RSA Response: RSA agrees with this corrective action plan. However, RSA requests a timeline for completion of these activities.

Finding 4: Fiscal Management

Legal Requirement:

EDGAR 34 CFR 74.21(b)(6) Recipients' financial management systems shall provide for written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable federal cost principles and the terms and conditions of the award.

EDGAR, 34 CFR 74.21(b)(4) Comparison of budget to outlays. Recipient's financial systems must provide for the comparison of outlays or expenditures with budget amounts for each grant award.

EDGAR 34 CFR 75.702 Fiscal control and fund accounting procedures. A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds.

EDGAR 34 CFR 74.27 Provides that the allowability of costs is determined in accordance with the cost principles applicable to the entity incurring the costs.

EDGAR 34CFR 75.730

Records related to grant funds. A grantee shall keep records that fully show:
(a) The amount of funds under the grant;
(b) How the grantee uses the funds;
(c) The total cost of the project;
(d) The share of that cost provided from other sources; and
(e) Other records to facilitate an effective audit.

The Office of Management and Budget (OMB) Circular A-122, relocated to 2 CFR 230, Appendix A, Parts C and D. "Cost Principles for Non-Profit Organizations," governs cost principles for nonprofit organizations. OMB Circular A-122 provides that the federal government bear its fair share of costs, except where restricted or prohibited by law, and that in order to be allowable under an award costs charged must be allocable to that award. A cost is allocable to a particular grant award in accordance with the relative benefits received under that award. The Cost Principles also address indirect costs.

Guidance:

The RSA commissioner memorandum of May 2004, (CM 04-05), Allocating Title VII, Part C Costs at Centers for Independent Living), clarifies the requirements for allocating indirect costs to federal grant awards received by CILs.

Facts and Analysis: Information comparing SCIL outlays or expenditures to budgeted amounts was not provided to RSA during the on-site review. There was no evidence that this information is tracked on a regular basis to ensure that expenditures made are, although SCIL has an accounting manual, which has procedures on this, staff do not appear to follow them.

- Attempts to review SCIL's fiscal policies, procedures and other fiscal management documents revealed that the Center has not submitted an indirect cost rate proposal and does not have a cost allocation currently approved by the Department of Education. While the employee manual describes work hours, the CIL does not have policies and procedures covering activity reports (timesheets) and wage and salary administration.
- The CIL's activity time sheets, required in the accounting manual, do not reflect allocation of time worked per program/grant. For example, the Equipment Specialist, who works on the 6 Days/6 Ramps program, the DME equipment loan program, and has a contract to provide cleaning services to the CIL, received numerous bonuses throughout the year, earning more than the executive director who is on salary for $45,000 a year. The Equipment Specialist's time was not tracked across grant activities and there was no evidence of allocation of funds spent according to his activities.
- The center does not have policies and procedures regarding raises and bonuses. Staff relies on verbal procedures and institutional memory rather than policies and procedures. The board reported that bonuses had been distributed to all staff. However, CIL staff were unclear about the impetus for the bonuses. Board meeting minutes and subsequent staff interviews described that the bonuses were a result of having extra funds at the end of the fiscal year that needed to be spent.
- Donations of fixed assets such as DME and/or computer equipment are not tracked in the fiscal management system (QuickBooks), tracked internally, or accurately reported in the RSA-704 Part II.

Finding: SCIL does not meet EDGAR, 34 CFR 74.21(b)(4) because the funding amounts reported in the FY2010 RSA-704 Part II could not be confirmed and, deviated substantially from the annual external audits, both of which deviated from the on-site financial documents. SCIL does not meet EDGAR 34 CFR 75.250 or 34 CFR 75.702 because the grantee does not keep records that fully show the amount of funds under the grant; how the grantee uses the funds; the total cost of the project; the share of that cost provided from other sources; and other records to facilitate an effective audit.

Further, SCIL does not meet OMB Circular A-122, relocated to 2 CFR 230 Appendix A, Parts C and D and the RSA commissioner memorandum of May 2004, (CM 04-05), Allocating Title VII, Part C Costs at Centers for Independent Living), because the Center does not allocate costs among grants.

Corrective Action: SCIL must take corrective action to allocate personnel, program, and operations costs across its grant sources and file a cost allocation plan with the U.S. Department of Education Indirect Cost Unit, consistent with federal requirements in EDGAR 34 CFR 74.27 and OMB Circular A-122, 2 CFR 230 Parts C and D.

Technical Assistance: The review team provided SCIL board treasurer and director of finance and operations with the name and contact information for the U.S. Department of Education Office of Chief Financial Officer/Financial Improvement and Post Audit Operations/ Indirect Cost Group (ICG), the office responsible for receiving and approving indirect cost rates and cost allocation plans. Additional information, including cost negotiators' direct contact information and links to resources, is available via the ICG Web page on the Department's Web site.

Additionally, as technical assistance, a copy of CM 04-05 commissioner memorandum is attached to this draft report.

SCIL Response: This is a priority of SCIL to develop a formal cost allocation plan, revise its time activity reports, conduct inventory of equipment, and review compensation.

RSA Response: RSA agrees with this corrective action plan and requests a timeline for completion.

Finding 5: Consumer Service Record Documentation

Legal Requirement:

34 CFR 364.53 For each applicant for IL services (other than information and referral) and for each individual receiving IL services (other than information and referral), the service provider shall maintain a CSR that includes: (a) documentation concerning eligibility or ineligibility for services; … (c) either the IL plan developed with the consumer or a waiver signed by the consumer stating that an IL plan is unnecessary; … (e) the IL goals or objectives established with the consumer, whether or not in the consumer's IL plan, and achieved by the consumer.

34 CFR 366.63(c)(2) The Center shall provide evidence in its most recent annual performance report that the Center maintains records on (i) the IL goals that consumers receiving services at the Center believe they have achieved; (ii) the number of Independent Living Plans (ILPs) developed by consumers receiving services at the Center; and (iii) the number of waivers signed by consumers receiving services at the Center stating that an ILP is unnecessary.

Facts and Analysis: Of the CSRs reviewed by the RSA team:

- 4 of 25 did not include documentation of consumer eligibility or ineligibility;
- 24 of 25 of the CSRs included both a signed ILP and a waiver dated with either the same date or within days of signing an ILP;
- 14 of 25 included the consumer's completed customer satisfaction survey; and

- 12 of 25 did not indicate the goals that were achieved.

Finding: SCIL does not meet all the requirements of 34 CFR 364.53 because its consumer service records did not consistently include:

- documentation of consumers' eligibility or ineligibility, as required by 34 CFR 364.53(a);
- signed ILPs or waivers, as required by 34 CFR 364.53(c); and
- IL goals achieved by the consumer, as required by 34 CFR 364.53(e).

Corrective Action: SCIL must take corrective action to ensure that the Center consistently document consumers' eligibility or ineligibility, ILPs or waivers, and IL goals achieved. RSA recommends that the corrective action include steps to develop the corresponding policies and procedures and to institute the appropriate training, supervision and quality control systems. Such systems would address the Center's CSR documentation, goal-setting and goal achievement activities, and 704 Report data verification practices.

SCIL Response: SCIL is taking corrective action to ensure that the Center consistently document consumers' eligibility or ineligibility, ILPs or waivers, and IL goals achieved.

RSA Response: RSA agrees with this corrective action plan. Please describe what measures the Center is taking to ensure compliance and a timeline for completing this.

Finding 6: Confidentiality

Legal Requirement:

CFR 364.56(a) Requirements pertaining to the protection, use, and release of personal information.

Facts and Analysis: CIL staff work in cubicles that are built around the exterior wall of the open conference room and adjacent to the open CIL Transition Center. CIL staff meet with consumers in their office spaces. When CIL staff provide services, the consumers' confidential personal information is not protected because other consumers, employees, and people using the conference room can hear the discussion between CIL service providers and their consumers. Although staff indicated that they use a break room, which serves as a kitchen, as a quiet place to discuss confidential matters with consumers, activities in the break room is not always available and CIL service staff work space is not private.

Finding: CIL does not comply with CFR 364.56(a) because it does not have meeting space to ensure that consumers' confidential personal information is consistently protected when meeting with CIL service staff.

Corrective Action: SCIL must take corrective action to ensure that the center consistently affords consumers privacy while receiving services.

SCIL Response: SCIL is taking corrective action to ensure that the center consistently affords consumers privacy while receiving services by moving to a new location that offers more privacy.

RSA Response: RSA agrees with this corrective action plan. Please provide RSA with a timeframe on expected completion.

Finding 7: Staff Development and Training

Legal Requirement:

34 CFR 366.24 Staff Development. The State plan must assure that the service provider establishes and maintains a program of staff development for all classes of positions involved in providing IL services and, if appropriate, in administering the CIL program. The staff development program must emphasize improving the skills of staff directly responsible for the provision of IL services, including knowledge of and practice in the IL philosophy.

Facts and Analysis: Board members and managerial staff indicated that currently, staff may participate in training that directly relates to their work focus area, depending on their work load. In staff interviews, it was reported that some staff have received training, however, staff could not recall specific trainings in which they had participated. Documentation confirming the training was not available and personnel records did not contain staff development plans or records of training.

Finding: SCIL does not meet the requirements of 34 CFR 364.24 because SCIL does not have a staff development program for staff directly responsible for the provision of IL services.

Corrective Action: SCIL must take corrective action to develop a program of staff development for all classes of positions involved in providing IL services and, if appropriate, in administering the CIL program. The staff development program must emphasize improving the skills of staff directly responsible for the provision of IL services, including knowledge of and practice in the IL philosophy.

SCIL Response: SCIL Board members and staff attend numerous trainings, pertaining to their roles and responsibilities. The center plans to document all trainings and take corrective action to develop a program for staff development.

RSA Response: RSA approves this corrective action plan. Please provide RSA with a schedule of trainings and timeframe for ensuring achievement of this.

VII. AREAS FOR FURTHER REVIEW

During the review, RSA identified the following area for further review. In 2005, under a previous board of directors and previous executive director, SCIL purchased a building to house the center located at 2989 Fruitville Road, in Sarasota, Florida. The Education Department General Administrative Regulations (EDGAR) at 34 CFR 75.533 provides that "No grantee may use its grant for acquisition of real property or for construction unless specifically permitted by authorizing statute or implementing regulations for the program. Since Title VII of the Act does not include such a provision, the center cannot use grant funds to purchase a building. Documents concerning the purchase of the building were unavailable to the RSA review team during the on-site review.

During the FY 2011 on-site review, RSA found that in either 2005 or 2006, SCIL created a limited liability corporation, Suncoast LLC, to remove the SCIL 501(c) 3 from the mortgage. However, the 2010 and 2009 report on Audits of Consolidated Financial Statements indicates that the LLC is a subsidiary of the CIL. Moreover, management staff confirmed in subsequent discussions that the LLC, which is a subsidiary of the CIL, made mortgage payments using Part C funds. Additionally, as noted in the above finding, SCIL receives rent from other commercial tenants in the building, but does not track or record these funds. On April 19, 2010, SCIL entered into a forbearance agreement with the mortgage holder, Fifth Third Bank whereby the bank agreed not to take any enforcement actions with respect to the organization's outstanding obligations to the bank. The agreement, however, expires on December 31, 2011, if the organization has not satisfied its obligation (to sell the building) on the line of credit by that date and it has not otherwise defaulted under other provisions of the agreement.

The IL Part C grant continues to pay for the costs of the mortgage, property insurance and all other expenses associated with the office building, via the subsidiary LLC. The center's audited financial statements listed the building as an asset and liability in the Statement of Position.

RSA determined that it needs additional information on the purchase and payment for the building, including: documentation of the purchase of the building and documentation of the method used by SCIL to charge the federal grant for the use of the building. This documentation should be submitted at the time SCIL submits its response to the draft report. RSA will make a finding determination based on an assessment of the additional information.

Further, RSA found that a former employee of the center was indicted and convicted of embezzlement. RSA has requested documentation of what percentage of Part C and/or Part B Federal funds were embezzled and documentation of what method the CIL will use to reimburse the Part B and/or Part C funds. This documentation should be submitted at the time SCIL submits its response to the draft report. RSA will make a finding determination based on an assessment of the additional information or the center's response to the draft monitoring report.