



# **CENTERS FOR INDEPENDENT LIVING COMPLIANCE REVIEW REPORT**

Access2Independence of the Eastern Iowa Corridor, Inc.

Center for Independent Living

Iowa City, Iowa

Grant Award Number: H132A930524

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**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* (Rehabilitation 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 Rehabilitation Act and 34 CFR 366.60-366.63;
- study program operations, organizational structure and administration of the CIL under Section 725(c)(1), (2), (5) and (6) of the Rehabilitation 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 Rehabilitation 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 Access 2 Independence (A2I) on-site review was conducted April 8-11, 2013 in Iowa City, Iowa. The program review covered the independent living (IL) operations and activities of A2I and the financial review examined the center's participation in Title VII, Part C, of the Rehabilitation 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 management, staff, consumers, volunteers, and members of the board of directors. In addition to the interviews, program, personnel, and financial documents were reviewed in accordance with the protocol required by RSA's ORG, including written policies and procedures, 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;
- Stephen Thoverson, nonfederal reviewer;
- Tomoko Yajima, representative, Iowa Vocational Rehabilitation Services;

- Becky Chriswell, representative, Iowa Department for the Blind; and
- Dawn Francis, representative, Iowa Statewide Independent Living Council.

### **III. MISSION AND DESCRIPTION**

Access 2 Independence's (A2I) mission is to empower people with disabilities to live independently. A2I's goals are to empower individuals with disabilities to achieve greater integration, participation, and independence in our community. The center serves Benton, Cedar, Henry, Iowa, Johnson, Jones, Linn, and Washington counties in Iowa. A2I was originally established in 1985, and awarded a RSA grant under Title VII of the Rehabilitation Act in 1987.

### **IV. ORGANIZATIONAL STRENGTHS AND EMERGING PRACTICES**

Following the dismissal and subsequent legal proceedings against the former executive director, the board leveraged relationships with community partners to reaffirm the center's mission. The board also reorganized the staff, enhanced internal controls and oversight, and revamped services to better meet the community needs. As a result, community partners reported the need for and appreciation of the center's services for individuals with disabilities in the north eastern Iowa corridor. Further, consumers reported enhanced community access as a result of their work with the center. In light of the changes in management style and a new tone set by the board's new management, consumers expressed relief that the board took appropriate action to improve the stability and restored the independent living philosophy to the culture of the center.

### **V. FINDINGS AND CORRECTIVE ACTIONS**

RSA identified two compliance findings below. Within 30 days of receipt of the final report, the CIL 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.

RSA reserves the right to pursue enforcement action related to these findings as it deems appropriate, including the recovery of funds, draw down restrictions, funds withholding, or grant terminations, pursuant to 34 CFR 74.60 and 34 CFR 74.62 of the Education Department General Administrative Regulations (EDGAR).

#### **Finding 1: Approved Cost Allocation Plan**

**Legal Requirement:** EDGAR 34 CFR 75.560 (a) The differences between direct and indirect costs and the principles for determining the general indirect cost rate that a grantee may use for grants under most programs are specified in the cost principles for . . . (3) Other nonprofit organizations, at 34 CFR 74.27; (b) A grantee must have a current indirect cost rate agreement to charge indirect costs to a grant. To obtain an indirect cost rate, a grantee must submit an indirect cost proposal to its cognizant agency and negotiate an indirect cost rate agreement.

EDGAR 34 CFR 74.27(a). For each kind of recipient, there is a set of cost principles for determining allowable costs. Allowability of costs are determined in accordance with the cost principles applicable to the entity incurring the costs, as specified in the following chart.

Office of Management and Budget (OMB) Circular A-122, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the federal government.

**Finding:** A2I is not in compliance with EDGAR 34 CFR 75.560(b), 34 CFR 74.27 and OMB Circular A-122 because it is allocating costs to its IL Part C grant without an approved cost allocation plan or indirect cost rate agreement.

**Corrective Action:** A2I must take corrective action to develop, receive approval of, and implement a cost allocation plan or indirect cost rate. As part of the corrective action, A2I must submit a cost allocation plan or indirect cost rate proposal to the U.S. Department of Education's Indirect Cost Group, to Frances Outland at Frances.Outland@ed.gov, within 90 days of the issuance of the final report. A2I's executive director informed the review team that the center has begun the submission process and that the director will notify RSA when a cost allocation plan is approved.

**Technical Assistance:** Before the on-site review, RSA provided the center with a model cost allocation plan and the contact information for the Department's Indirect Cost Group. RSA was informed by the center and the Department's Indirect Cost Group staff that the center management is working with a cost negotiator to negotiate a cost allocation plan.

**A2I Response:** A2I agrees with the finding that the organization does not at this point in time have an approved Cost Allocation Plan. The most recent draft Cost Allocation Plan for A2I was submitted to RSA on August 13, 2013. A2I has been working with a cost negotiator to get a Cost Allocation Plan approved since December 12, 2012. However the cost negotiator has informed the Executive Director that, for various reasons out of the control of A2I, the Department has only recently been able to review the plan. A copy of the most recent draft Cost Allocation Plan has been submitted to Frances Outland as of December 29, 2013, and the Executive Director will notify RSA when the Cost Allocation Plan has been approved.

**RSA Response:** RSA was notified by the Department's Indirect Cost Group that A2I's cost allocation plan was approved on February 6, 2014. Therefore, this finding has been resolved.

## **Finding 2: Property Management and Procurement Standards**

**Legal Requirement:** EDGAR 74.34(f). The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following: (1) Equipment records shall be maintained accurately and shall include the following information: (i) A description of the equipment. (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number. (iii) Source of the equipment, including the award number. (iv) Whether Title vests in the recipient or the Federal Government. (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost. (vi) Information from which one can calculate

the percentage of Federal participation in the cost of the equipment furnished by the Federal Government). (vii) Location and condition of the equipment and the date the information was reported. (viii) Unit acquisition cost. (ix) Ultimate disposition data, including date of disposal and sales price or method used to determine current fair market value where a recipient compensates ED for its share. (2) Equipment owned by the Federal government must be identified to indicate Federal ownership. (3) A physical inventory of equipment must be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records must be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment. (4) A control system must be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the recipient shall promptly notify the Secretary. (5) Adequate maintenance procedures must be implemented to keep the equipment in good condition. (6) Where the recipient is authorized or required to sell the equipment, proper sales procedures must be established which provide for competition to the extent practicable and result in the highest possible return.

EDGAR 74.44(a). All recipients shall establish written procurement procedures that comply with sections 74.40 – 74.48.

EDGAR 74.40. 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.

**Finding:** While A2I has conducted an inventory, it does not have written policies or procedures related to property and equipment inventory control, maintenance, insurance coverage, disposal, and investigation and reporting of theft or damage. As a result, A2I's property management standards do not meet federal requirements.

**Corrective Action:** A2I must take corrective action to develop and implement a property management system that meets the requirements of EDGAR 74.34(f), and that it develops and implements procurement procedures consistent with EDGAR 74.40.

**A2I Response:** A2I disagrees that it has no related written policies or procedures. Sections III and VII of the Fiscal Policy Manual cover current "policies and procedures related to purchasing and property management," as well as "equipment acquisition and inventory." However, A2I agrees with the need for these policies to further comply with EDGAR 74.34(f) and EDGAR 74.40. The Executive Director will further develop and improve the purchasing and property management procedures currently in place, so as to better comply with EDGAR 74.34(f) and EDGAR 74.40. These revised policies will be presented to the Board of Directors for review at the Board's January 2014 meeting. On a copy of the procedures that were approved by the A2I Board.

## VI. TECHNICAL ASSISTANCE

During its review activities, RSA provided technical assistance to center staff and board in the areas below to improve its overall operations and IL service delivery to consumers with significant disabilities.

**CSR Case Notes:** CSRs meet the requirements at 34 CFR 364.23(b) and 366.63(a)(4)(5). However, the review team discussed the inclusion of additional case notes to ensure that all staff would be able to meet consumer needs by having as much detailed information in CSRs as possible. For example, in the instance of new staff meeting with consumers who had either met goals and/or were not familiar with other ways to attain their goals, detailed case notes to determine specific methods and/or services would enable service staff to better serve consumers. Many of these issues were the result of the departure of long-time staff who had not taken detailed case notes. Before, during, and after the review, RSA provided detailed information for staff about free on-line resources offered by the Independent Living Research Utilization (ILRU) project, in addition to one-on-one technical assistance available to the CIL from ILRU. The nonfederal reviewer provided A2I with sample anonymous case notes from his staff.

**Staff Development:** Staff members reported that they may access training on request and have received training when requested, as appropriate, including participation at conferences. The center meets the training requirements. However, no formal staff development plan exists. The review team discussed the inclusion of a training plan in either the personnel files as part of an employee's annual performance evaluation and/or the inclusion of a formal staff development plan in the CIL goals and objectives/three-year Strategic Plan. In October, A2I provided RSA with a list and schedule of required staff trainings since the review was conducted.

**Resource Development:** A2I meets the requirements at 34 CFR 366.63(e) by conducting basic resource development. The review team spoke with the board and staff to discuss other resource development activities and/or methods to leverage funds. For example, the nonfederal reviewer offered detailed information about his center's resource development activities. A2I board and staff engaged in considerable discussion on these activities and the potential for growth.