CENTERS FOR INDEPENDENT LIVING

COMPLIANCE REVIEW REPORT

Central Iowa Center for Independent Living

Grant Award Number: H132A930527

Iowa

REVIEW DATES: August 13-17, 2012

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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 on-site monitoring review of the Central Iowa Center for Independent Living (CICIL) was conducted August 13-17, 2012. The program review covered the independent living (IL) operations and activities of CICIL 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 consumers, management, staff, volunteers, and members of the board of directors.

In addition to the interviews and meetings, program 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 sought to verify compliance with standards and indicators. CSRs were selected for review on a random basis. The team conducted an exit conference at the conclusion of the onsite meetings to provide feedback on initial impressions from the review.

The RSA review team included the following individuals:

- Deborah A. Cotter, RSA Grants Management Specialist;
- Dean Neilson, non-federal reviewer;
- Tomoko Yajima, Iowa Vocational Rehabilitation Services, DSU representative, as an observer;
- Becky Chriswell, Iowa Commission for the Blind, DSU representative, as an observer; and
- Dawn Francis Iowa Statewide Independent Living Council (SILC) representative, as an observer.

III. MISSION AND DESCRIPTION

The mission of CICIL is to enable people with disabilities to control their lives through training, advocacy, and referral.

In 1993, CICIL received its first grant award under Title VII, Chapter 1, Part C, of the Rehabilitation Act. The CIL serves Polk, Warren, Dallas, Madison, Story, Jasper, and Boone counties.

IV. OBSERVATIONS AND RECOMMENDATIONS

During its review activities, RSA identified the observation below and made recommendations that CICIL may consider to improve its overall operations and IL service delivery to consumers with significant disabilities.

Independent Living Plans, Waivers and Goal Setting

Observation: Of the 176 consumers reported in the CICIL FY 2011 RSA-704 Report, 160 consumers (91 percent) chose to waive developing an Independent Living Plan (ILP). Consistent with the IL philosophy of consumer choice, it is entirely up to the consumer whether to develop or waive an ILP. However, the fact that only approximately nine percent of the center's consumers chose to develop an ILP raises questions as to whether consumers are receiving sufficient information about the potential advantages of an ILP. Additionally, CICIL reported that 210 consumers' goals were in progress, while only one consumer achieved her/her goals. The majority of goals described in the ILPs were requests, such as "obtain a computer" or "receive a Disability Resource Guide," and others that can more accurately be described as services requested. Very few of the goals listed in the CSRs described independent living or community integration outcomes or improvements in a significant life area.

Recommendation: RSA recommends that CICIL:

1.1 provide staff and volunteers with training on developing consumer information that describes the potential advantages of developing an ILP, as outlined in 34 CFR 364.52; and
1.2 work with Independent Living Research Utilization (ILRU) http://www.ilru.org to review CSR development and management, including goal setting.

CICIL Response: CICIL staff has completed the training by ILRU "CSR Documentation: Consumer Service Records."

RSA Response: Please provide RSA with certificates of completion from the ILRU trainings.

V. FINDINGS AND CORRECTIVE ACTIONS

RSA identified the compliance findings below. Within 30 days of receipt of the final report, CICIL must submit a corrective action plan (CAP) to RSA for review and approval. The CAP should include: (1) the specific corrective actions that the center will undertake in response to each finding; (2) the methodology that the center 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, pursuant to 34 CFR 74.60 and 34 CFR 74.62 of the Education Department General Administrative Regulations (EDGAR).

Finding 1: Provision of Independent Living Services and Equal Access to Services

Legal Requirement:

34 CFR 366.63(e) IL core services and other IL services. The center shall provide evidence in its most recent annual performance report that it provides -- (1) Information and referral services to all individuals who request this type of assistance or services from the center in formats accessible to the individual requesting these services; and (2) As appropriate in response to requests from individuals with significant disabilities who are eligible for IL services from the center, the following services: (i) IL skills training. (ii) Peer counseling (including cross-disability peer counseling). (iii) Individual and systems advocacy. (iv) A combination, as appropriate, of any two or more of the IL services defined in section 7(30)(B) of the Act.

34 CFR 364.2 The purpose of the SILS and CIL programs authorized by chapter 1 of Title VII of the Act is to promote a philosophy of independent living (IL), including a philosophy of consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, to maximize the leadership, empowerment, independence, and productivity of individuals with significant disabilities, and to promote and maximize the integration and full inclusion of individuals with significant disabilities into the mainstream of American society.

366.63(a)(4) cross disability basis. The center shall provide evidence in its most recent annual performance report that it—
(i) Ensures equal access of individuals with significant disabilities, including communication and physical access, to the center's services, programs, activities, resources, and facilities, whether publicly or privately funded. Equal access, for purposes of this paragraph, means that the same access is provided to any individual with a significant disability regardless of the individual's type of significant disability.
(ii) Advocates for and conducts activities that promote the equal access to all services, programs, activities, resources, and facilities in society, whether public or private, and regardless of funding

source, for individuals with significant disabilities. Equal access, for purposes of this paragraph, means that the same access provided to individuals without disabilities is provided in the center's service area to individuals with significant disabilities.

Finding: Based on a review of CICIL's CSRs and Customer Utilization form, RSA determined that CICIL does not provide two of the four required IL core services, independent skills training and individual and systems advocacy. The Consumer Utilization form, a daily log of visitors and the purpose of their visits, indicated that most individuals come to the center primarily to use the computer lab and phone, receive reduced-fare bus passes or to drink free coffee. This was confirmed by RSA's discussions with individuals visiting the center during the review. The form records the number of pots of coffee made, computer lab users, bus schedules obtained, reduced bus passes purchased, applications and/or certifications for reduced-fare bus passes, telephone calls received and placed, inquiries, and mailings. However, the form has no entries for the provision of independent living skills training or advocacy services, nor are there any such services in the CSRs reviewed by RSA.

In addition, in the CSRs and Consumer Utilization form there was no evidence of the IL philosophy of consumer control, peer support, self-help, self-determination and equal access being practiced at CICIL, as required by 34 CFR 364.2. A majority of consumers interviewed by RSA indicated that advocacy and self-advocacy services were non-existent. In fact, the consumers using the computer lab during the review were unaware of IL philosophy or the four core services. Also, RSA observed multiple occasions in which center volunteers treated visitors with a lack of respect.

RSA did see evidence of the center's provision of peer counseling and information and referral services. The office coordinator, for example, leads a peer support group, Emotions Anonymous, about which consumers interviewed spoke highly. However, according to some consumers, the office coordinator who provided self-advocacy and IL skills training in the past has been instructed by the executive director and associate director to cease providing these services to consumers.

CICIL also has a part-time volunteer funded by the Association of American Retired Persons (AARP) who staffs the computer lab and provides some assistance to consumers. However, these services are available only during open office hours on Wednesdays from 10:00 a.m. to 12:00 noon. While some consumers reported that they did not mind scheduling the first appointment, they reported little to no services provided directly by CIL staff.

During the on-site review, one consumer reported he was unable to obtain IL services during prior visits to the center. At RSA's request, the executive director provided assistance to the consumer. However, RSA observed that the executive director did so reluctantly after a fair degree of insistence.

When asked about the limited IL service provision at the center, the CICIL executive director and associate director reported that the CIL has not been able to fill the position of Independent Living (IL) specialist since 2010 due to reduced Title VII funds. However, RSA reminded the executive director that RSA had awarded CICIL $75,644 in IL Part C funds under the American

Recovery and Reinvestment Act of 2009 (ARRA) in September, 2010, with authority to expend over a five-year period, in addition to the IL Part C continuation awards of $224,356 in FY 2009, $176,878 in FY 2010, and $206,857 in FY 2011.

While CICIL has a policy to serve persons with Multiple Electrical/Chemical Sensitivity (MC/ES), there is no signage in the CIL notifying visitors or staff that the CIL is a fragrance-free/ chemical-free environment. RSA was able to detect fragrances among volunteers and staff.

CICIL is not in compliance with 34 CFR 366.63(e) regarding the provision of IL core services and other IL services, 34 CFR 364.2 in promoting a philosophy of independent living, and 366.63(a)(4) in) ensuring equal access of individuals with significant disabilities and advocating for and conducting activities that promote the equal access.

Corrective Action: CICIL must take corrective action to ensure that the CIL provides all four core IL services, including IL skills training and individual and systems advocacy, and that the CIL promotes the IL philosophy of consumer control, peer support, self-help, self-determination and equal access, as required by 34 CFR 364.2. CICIL must take further corrective action to ensure that people with all types of disabilities, including individuals with Multiple Chemical Electrical Sensitivity (MC/ES), are afforded equal access to services as people without or with other disabilities. This may include, but is not limited to, implementing policies and procedures for providing a fragrance free/chemical free workplace**.**

Technical Assistance: RSA referred the executive director, CIL attorney, associate director and CIL board of directors to the language in the Rehabilitation Act. Upon return from the review, RSA made a referral of the CIL to ILRU for additional technical assistance. The executive director requested technical assistance in locating individuals with specific disabilities. For example, the executive director indicated that the center would like to serve more individuals who were deaf as the CIL serves so few consumers who are deaf, yet offers video conferencing for the deaf, among other free services. RSA recommended that the CIL work with the IL and disability communities, including the Iowa Association of the Deaf and the Iowa SILC to explore outreach options.

CICIL Response: CICIL disagreed with the finding. The center indicated that that the Consumer Utilization Form and Daily Log were not representative of the services provided. CICIL provided RSA with a blank CSR form as evidence that the four core services are provided.

CICIL disagreed with the statement about awarding of $630,094 to CICIL in ARRA funding. The dollar amount mentioned is the amount for the entire state of Iowa, and CICIL received a one-time $75,644, which subsequently reduced its annual budget by more than $56,000. CICIL indicated that it has a policy of a fragrance free/chemical free workplace, and will install signs stating this and provide training to staff and volunteers. CICIL agreed with the finding that signage was not posted at the time of the review notifying visitors of this policy but signage has since been posted. Potential consumers are provided information on CICIL's mission statement, which encompasses the four core services, and are provided with a "Disability Awareness Guide" which is an annually updated informational booklet with a fuller description of the four

core services, the independent living philosophy and its founder Ed Roberts is described in detail. A copy of which was included with CICIL's response. CICIL also stated that it does a wide variety of training both at the center and off-site, working with many consumers in their homes and in places of employment, particularly on the use of computers. CICIL indicated that providing services only to eligible persons creates a segregated environment and that centers should serve nondisabled, ineligible persons, such as the general public, in addition to serving eligible consumers.

RSA Response: RSA maintains Finding 1 based on the facts presented in the report, with the exception of the amount of ARRA funds awarded to CICIL. RSA corrected the ARRA funding amount in the Finding from $630,094 (total amount awarded to all Part C centers in Iowa) to $75,644. However, the need to use available resources to find a qualified individual to provide IL services still needs to be met.

Regulations at 34 CFR 366.63(e) require that the provision of IL core services be documented in the CSRs. This is not the case at CICIL, as described in detail in Finding 7. The supplemental Consumer Utilization Form was provided at the request of the RSA Review Team after the review of CSRs found no evidence of IL services. Neither the CSRs nor the Customer Utilization Form shows that CICIL is providing IL services, and, in fact, shows that CICIL is not providing the required IL Skills Training and (self- and systems change) advocacy. Moreover, the team did not meet any consumers who had received IL Skills Training or Advocacy, except for the one person who was assisted at the request of the Review Team.

The principal responsibility of CICIL is to enable individuals with significant disabilities to be more independent. We saw no evidence in the CSRs, or elsewhere in our review, that CICIL is providing IL skills training or advocacy. The blank CSR form subsequently provided by CICIL in response to the draft report was found in all the CSR files. However, much of the information in CSRs was incomplete, as described in Finding 7. CICIL does not have a designated IL specialist on staff with the responsibility of providing IL skills training and self-advocacy services to eligible individuals.

We do not believe that providing an informational booklet with a description of the four core services, the independent living philosophy and its founder Ed Roberts to potential consumers constitutes the provision of IL skills training but rather falls in the category of providing information and referral services. The Review Team saw no other documentation to support the provision of IL skills training. Discussions with six former CICIL consumers and one community stakeholder indicated that they requested such "in depth" consultations but had not received that assistance. Further, one of CICIL's staff reported that he was instructed not to assist consumers with IL skills training.

The Review Team saw no documentation of the additional services regarding computer training as an IL skill either at the center or in people's homes reported in CICIL's response, nor did any staff mention such activities during the team visit. In addition there was no documentation of consumer outcomes related to the use of the computer lab. For example, it was not clear how many consumers obtained jobs through the use of the computer lab, telephone, and fax machine. Consumers did not report what activities they were involved in or whether an IL specialist facilitated the achievement of the consumers' goals.

Finding 2: Eligibility Requirement

34 CFR 364.51(a)(1) Before or at the same time as an applicant for IL services may begin receiving IL services funded under this part, the service provider shall determine the applicant's eligibility and maintain documentation that the applicant has met the basic requirements specified in Sec. 364.40. (2) The documentation must be dated and signed by an appropriate staff member of the service provider.

34 CFR 364.40 The State plan must assure that (a) Any individual with a significant disability, as defined in Sec. 364.4(b), is eligible for IL services under the SILS and CIL programs authorized under chapter 1 of Title VII of the Act; (b) Any individual may seek information about IL services under these programs and request referral to other services and programs for individuals with significant disabilities, as appropriate; and (c) The determination of an individual's eligibility for IL services under the SILS and CIL programs meets the requirements of Sec. 364.51.

Finding: RSA found that many individuals who receive "services" at CICIL are not individuals with significant disabilities, as required by 34 CFR 364.40. Of the dozen people visiting the CIL during the RSA on-site review, the majority were homeless individuals who came to the CIL when the homeless shelter closed for the day to drink coffee, use the telephone and/or access the computer lab without determination of eligibility or reference to IL goals. In addition, several CSRs reviewed by RSA lacked signed eligibility documentation as required in 34 CFR 364.51(a), as stated in Finding 1.

Centers may use non-Part C funds to provide services to individuals who do not have significant disabilities, so long as the center tracks the Part C funds from the non-Part C funds in the provision of services. However, because CICIL lacks the requisite internal fiscal controls, as described in Finding 3, it does not currently have the capacity to provide services to other individuals.

CICIL is not in compliance with 34 CFR 364.51(a)(1) and 34 CFR 364.40 because it does not make a determination that a person has a significant disability and is eligible for services before providing services. The CIL allows anyone to receive peer support services and uses Part C funds to provide coffee, computers, fax services, and other non-IL services to the general public, in other words, ineligible persons.

Corrective Action: CICIL must take corrective action by making changes in its policies and procedures and provide training to its staff to ensure that Part C funds are used only for the provision of services to eligible individuals, individuals with significant disabilities, not the general public.

Technical Assistance: RSA provided guidance on the statutory and regulatory requirements under the Rehabilitation Act and ways to work with consumers to determine eligibility for IL core services. ILRU offers training on IL Philosophy and can provide further guidance on eligibility requirements. If CICIL wishes to continue serving the general public with non-Part C

funds, local nonprofit agencies in Iowa can work with CICIL to meet the needs of persons who are homeless and do not meet the eligibility requirements of Title VII, Part C.

CICIL Response: CICIL disagreed with the finding. CICIL indicated that it offers free coffee and use of the computer lab as a way to conduct outreach to the general public, in response to RSA's 2008 review that found CICIL had not met the requirement to conduct outreach to unserved and underserved populations.

CICIL agreed that there may have been missing eligibility documentation. In some cases the signature of the employee was missing. The center indicated that a complete review of all CSRs has been completed, and all files are up to date with signed eligibility documentation included. In addition, many CSRs have been closed, and all other files have been brought up to date.

CICIL disagreed that individuals did not have a discussion regarding setting goals.
CICIL also disagreed with the assumption that Part C funds are used to provide services to individuals who do not have significant disabilities.

CICIL indicated that it received funds from the Iowa Workforce Development for computer workstations to help people find jobs. The center indicated that these computers are not restricted to people with disabilities as they are funded with Iowa state public funds. The center also has collaboration with the Des Moines area regional transit which helps low income and many people with disabilities obtain low cost bus passes. This is another activity to increase the number of visitors in compliance with the 2008 on-site review and the establishing relationships of the Iowa SPIL.

CICIL indicated that the homeless population has been estimated to have as many as 58 percent persons with disabilities. ILRU offered to provide sample policies and procedures that meet the requirements regarding these funds, and to have its certified public accountant (CPA) review the final policies and to provide consultation to the CICIL CPA if there are any questions related to them.

CICIL agreed to obtain technical assistance from ILRU to develop a policy and process for determining eligibility before services are provided, covered in the CSR training.

RSA Response: RSA maintains Finding 2 based on the facts in the report. Without adequate documentation and tracking of funds, there is no way to determine which funds were spent on which activities. CICIL board and staff reiterated to the Review Team that the center had only one source of funds in 2011--Title VII, Chapter I, Part C funding. Therefore, the logical conclusion is that CICIL used Part C funds to afford access to the general public to use computers. For example, CICIL advertises free fax services on the window of the conference room. If CICIL is no longer providing these services, it should remove the sign, since these services funded by Part C funds can only be provided to eligible consumers. Additionally, CICIL does not track which consumers use the computers purchased by Iowa Workforce Development, nor are any employment outcomes measured.

RSA acknowledges that CICIL is working with ILRU for assistance on eligibility determination for services. However, we reiterate that a center's primary purpose is to provide IL services to individuals with significant disabilities. While centers may use non-Part C funds to provide services to individuals who do not have significant disabilities, the center must have the capacity to track the Part C funds from the non-Part C funds in the provision of services. We acknowledge that an individual's disability may not be visible; nevertheless, it is the responsibility of the center to determine that the individual is in fact eligible for services using the center's eligibility procedures.

Finding 3: Financial Management Systems

Legal Requirement:

34 CFR 364.34: 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 366.50(g): To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that the applicant will practice sound fiscal management.

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

EDGAR 74.21(b). Recipients' financial management systems shall provide for the following: (1) Accurate, current, and complete disclosure of the financial results of each federally-sponsored project in accordance with the reporting requirements established in §74.52. If the Secretary requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop accrual data for its reports on the basis of an analysis of the documentation on hand. (2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest. (3) Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all assets and assure they are used solely for authorized purposes. (4) Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data. (5) Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient. To the extent that the provisions of the Cash Management Improvement Act (CMIA) (Pub. L. 101-453) govern, payment methods of State agencies, instrumentalities, and fiscal agents shall be consistent with CMIA Treasury-State Agreements or the CMIA default procedures codified at 31 CFR Part 205--Withdrawal of Cash from the Treasury for Advances under Federal Grant and Other Programs. (6) 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. (7) Accounting records including cost accounting records that are supported by source documentation.

EDGAR 74.22(b)(1). Recipients are paid in advance, provided they maintain or demonstrate the willingness to maintain—(i) Written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient; and (ii) Financial management systems that meet the standards for fund control and accountability as established in §74.21. (2) Cash advances to a recipient organization are limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project.

OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment A, Section A.4.a and b. A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it: (1) Is incurred specifically for the award. (2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or (3) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown. b. Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

Finding: Based on its review of available documentation, RSA determined that CICIL does not have a sound fiscal management control and fund accounting system to ensure proper disbursement of and accounting of federal funds as required by 34 CFR 364.34 34 CFR 366.50(g) and 75.702. CICIL does not have effective control over and cannot show accountability for all funds, property and other assets so that the center can assure RSA that its assets are being used solely for authorized purposes. CICIL does not have assigned individuals or procedures and documentation requirements necessary to ensure effective control over and accountability for all funds, property, and other assets or to assure they are used solely for authorized purposes, in accordance with 34 CFR 74.21(b)(3). CICIL's external contracted bookkeeper and accountant enter information provided by the executive director without verifying the accuracy of the information. The contract bookkeeper's duty is to provide payroll services, while the accountant's duties are limited to the preparation of annual IRS 990 forms. Neither the bookkeeper nor the accountant were notified of RSA's review and were unable to meet with RSA during the on-site review. The executive director reported that he does not handle financial matters, but rather, as noted above, CICIL contract staff performs all financial activities.

Additionally, the governing board exercises limited review, oversight and approval authority with regard to the center's annual budgets or financial reports. The board meeting minutes, for example, do not include discussions on financial matters and do not indicate that the board formally approved the center's FY 2010, 2011 or 2012 budgets. In September 2010, CICIL received $75,644 in IL Part C ARRA funds to spend over a five-year period consistent with the *FY 2009 Supplemental Appropriations Act*. However, for reasons explained above, RSA was

unable to determine how these funds were spent because CICIL does not track its funds and has not developed internal controls.

CICIL is not in compliance with the requirements of 34 CFR 74.21(b)(4) because it does not consistently follow its budget and, instead, spends its funds according to whatever expenses were incurred without reference to the respective budgets.

CICIL lacks policies and procedures ensuring the reasonableness, allocability, and allowability of costs under the cost principles or terms of the award, in accordance with 34 CFR 74.21(b)(6) and OMB Circular A-122, Attachment A, Section A.4.a and b. As a result, funds are spent without proper determination of the allowability or allocability of approved expenditures. Expenditures for staff travel lacked sufficient documentation or justification.

For example, during FYs 2010 and 2011, CICIL had other sources of funds, including a grant from the U.S. Department of Transportation and a subcontract from the University of Iowa for the Living Well with a Disability program. However, receipts for purchases, reimbursement for mileage or travel did not specify to which grant/contract funds should be charged. The general ledger provided by the accountant did not include line item accounts or separate charges or tracking for each source of funds

As another example, restaurant bills were reimbursed that did not contain itemized lists of food or beverages purchased and some receipts included only the name of a store and the total bill. As a result, there is no way for CICIL executive director and staff to verify the purpose for which the funds were used and whether the expenditures were allowable, allocable or reasonable or even the source of funds used. When asked about a restaurant bill, the executive director was unable to justify these expenditures. CICIL does not have the financial management system necessary to ensure that drawdowns are based on allowable, allocable and reasonable needs and expenditures benefiting the Part C grant.

CICIL also lacks written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient, as required by 34 CFR 74.21(b)(6) and EDGAR 74.22(b)(1).

Additionally, CICIL is not in compliance with the following requirements:

- 34 CFR 364.34, 34 CFR 366.50(g), and EDGAR 75.702 because it does not use fiscal control and fund accounting procedures that insure proper disbursement of and accounting of federal funds;
- EDGAR 74.21(b)(2) because its records do not identify the source and application of funds for federally-sponsored activities or effectively account for all funds;
- EDGAR 74.21(b)(3) because it does not have assigned individuals, procedures or documentation requirements necessary to ensure effective control over and accountability for all funds, property, and other assets or to assure they are used solely for authorized purposes;
- EDGAR 74.21(b)(4) because it does not compare outlays with budget amounts for each award;

- EDGAR 74.21(b)(5) and EDGAR 74.22(b) because it does not have written procedures or financial management systems to minimize the time elapsing between the transfer of funds to the recipient and their disbursement for program purposes, or ensure that drawdowns are based on allowable, allocable and reasonable needs and expenditures benefiting the Part C grant;
- OMB Circular A-122 because it does not have 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; and
- EDGAR 74.21(b)(7) because its accounting records are not supported by source documentation, particularly in regard to travel and capital expenditure costs. The general ledger does not separate funding source. Part C funds are not tracked separately from the other sources of funds such as the Department of Transportation grant and the subcontract with the University of Iowa for the Living Well with a Disability program. For example, RSA was unable to determine whether Part C funds were used to promote bus ridership to all Iowans, rather than provide services to eligible individuals.

Corrective Action: CICIL must take corrective actions to ensure that it develops and implements financial management systems consistent with requirements at 34 CFR 364.34; 34 CFR 366.50(g); EDGAR 34 CFR 75.702, 34 CFR 74.21(b), 74.22(b); and OMB Circular A-122, Sections A.4a and b. This includes developing and implementing fiscal controls and fund accounting procedures that ensure the proper disbursement of and accounting for federal funds; documenting itemized receipts; documenting the program activity/expense and source of funds; operating within its budget, developing policies and procedures to ensure reasonableness, allocability, and allowability of funds; and maintaining and implementing written procedures to minimize the time lapsing between the transfer and disbursement of funds. For example, the Board may want to review financial reports at its meetings to ensure that federal funds are spent consistent with OMB Circular A-122 Principles of Cost for Nonprofit Organizations. The Principles of Cost are available online at http://www.whitehouse.gov/omb/circulars_a122_2004.

CICIL Response: CICIL again indicated that the $630,094 amount for ARRA funds is incorrect. CICIL indicated that it will provide the expenses for both of the ARRA and Part C continuation grants for the past year to clarify how much was paid out directly in expenses not charged to Part C.

CICIL indicated that it utilizes a per diem reimbursement process and that typically all receipts are also collected and reviewed as part of this process. The center indicated that reviewers found an instance when the itemized receipt was not used and only the credit card charge was submitted. CICIL agrees that it will rewrite and implement the financial policies and procedures in regard to assuring that itemized receipts, not just the credit card charge, are utilized to assure that the reimbursed expenses are appropriate.

CICIL indicated that it tries to assure that checks go out within one or two days after the drawdown. It agreed to write and implement a written procedure that satisfies this concern.

CICIL disagreed that expenses cannot be justified, but agreed with the need for an upgraded system and indicated it will produce a corrective action plan to address the shortcomings. CICIL

indicated it is in the process of working with ILRU and a local CPA to install financial management systems and policies and procedures consistent with the above requirements. In addition, ILRU provided a list of relevant trainings to provide assistance to board and staff.

RSA Response: RSA maintains the finding as detailed in the report, with the correction of the amount of IL Part C ARRA funds awarded to CICIL. RSA acknowledges that CICIL is taking certain corrective action. RSA requests copies of the certificates of completion for the above-cited ILRU courses that CICIL staff completed. RSA urges CICIL to document completion of ongoing and annual trainings in volunteers' and personnel files. RSA will review the new procedures and documentation of their implementation as part of the CAP approval process.

Finding 4: Allocation of Personnel Services

Legal Requirement:

OMB Circular A-122, Attachment B, Item 8(m)(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency. (See subparagraph E.2 of Attachment A.) (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards: (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards. (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization. (c) The reports must be signed by the individual employee, or by a responsible supervisory official having firsthand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports. (d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

Finding: Based on available documentation and interviews with staff, RSA determined that the executive director and associate director do not complete Personnel Activity Reports (PARs). The only CICIL staff person who regularly completes a PAR is the office coordinator. However, his PARs do not meet federal requirements because the list of activities performed is not allocated across funding sources. For example, it is unclear if the employee ever assisted with the administration of the Department of Transportation grant and/or the subcontract with the University of Iowa, as only Part C funds paid for this employee's salary. The time sheets do not divide time by funding source, but rather by "administration, information and referral, advocacy,

skills training," etc. Other sources of funds were not charged. These other sources of funds included Living Well with a Disability, a grant from the US Department of Transportation grant, and the other FY 2012 funding sources: Prairie Meadows Racetrack and Casino Community Betterment Award (a.k.a., "Computer Giveaway"), based on PARs.

CICIL is not in compliance with OMB Circular A-122, Attachment B, Item 8(m)(1) because the distribution of salaries and wages to CICIL staff is not supported by personnel activity reports that are based on the actual activity of each employee.

Corrective Action: CICIL must develop and implement policies and practices that meet the requirements of OMB Circular A-122, Attachment B (7)(m), including:

- charging personnel costs to the benefiting grant that reflects actual employee activity on each grant (Living Well with a Disability, Department of Transportation grant, and the other FY2012 funding sources: Prairie Meadows Racetrack and Casino Community Betterment Award (a.k.a., "Computer Giveaway") based on PARs;
- requiring that all personnel follow the new PAR practices and submit PARs according to those policies;
- not using budget levels to determine allocation of personnel costs; and
- ensuring that the breakout of personnel costs covers all separate federal grants and other funding sources in which the respective staff are involved during the reporting period of the PARs.

CICIL Response: CICIL disagreed with this finding and indicated that all staff has completed PARs since October of 2009, as a partial result of findings of the 2008 RSA on-site review and the State of Iowa Auditor's findings.

RSA Response: RSA maintains this finding based on the facts presented in the report and based on discussions with staff, including discussions at the exit conference where the Associate Director confirmed that he had not completed PARs for several years. Further, two of the three CICIL personnel files available at the time of the review did not include PARs.

Finding 5: Cost Allocation Plan/Indirect Cost Rate

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: CICIL does not distribute administrative costs among its various funding sources consistent with a current and appropriate cost allocation plan or indirect cost rate approved by the U.S. Department of Education. CICIL's most recent cost allocation plan was approved by the Department in 2006. Since then, CICIL's funding sources have changed, most notably the State of Iowa no longer provides Part B or State General Revenue to the CICIL. Such changes necessitate the submission of a new cost allocation plan for review and approval. The center's other sources of funds include fee-for-service disability awareness trainings conducted by executive director and associate director; Living Well with a Disability, which is a contract with the University of Iowa; and a Department of Transportation grant to promote bus ridership.

CICIL is not in compliance with EDGAR 34 CFR 75.560(b), 34 CFR 74.27 and OMB Circular A-122 because it is not allocating costs consistent with a current and appropriate cost allocation plan (CAP) or indirect cost rate approved by the U.S. Department of Education.

Corrective Action: CICIL must develop, receive approval of, and implement a new cost allocation plan or indirect cost rate given the changes in CICIL's funding. As part of the corrective action, CICIL must submit either a new cost allocation plan or indirect cost rate proposal to the U.S. Department of Education's Indirect Cost Group, (Mary Gougisha at mary.gougisha@ed.gov), within 90 days of the date of the issuance of the final report.

Technical Assistance: RSA provided TA on cost allocation in discussions with the staff and board and directed the executive director and associate director to the model cost allocation plan on the US Department of Education's website.

CICIL Response: CICIL disagreed with this finding and indicated that it has submitted and will continue to submit the cost allocation plan as it has done since it first developed one in 2006. CILCIL provided RSA with the 2006 proposed cost allocation plan in addition to providing one to the reviewers during the site visit (copy attached).

RSA Response: RSA maintains this finding based on the facts detailed in the report. Specifically, because the sources of funds have changed significantly since the 2006 plan was approved and we found that CICIL was not tracking funds consistent with the last approved plan. As the Review Team informed CICIL, a new cost allocation plan or Indirect Cost Rate must be renegotiated with the Department's Indirect Cost Group when there are changes in the grantee's funding sources. This would include CICIL's loss of Part B and other Iowa state funds.

Finding 6: 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. 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: CICIL's property management standards do not meet federal requirements. CICIL does not have policies or procedures related to property and equipment inventory control, maintenance, insurance coverage, disposal, and investigation and reporting of theft or damage. Also, CICIL does not maintain adequate records of property purchased with grant funds. For example, the center provided a list of computers, but not other property, maintained by the executive director, that was not dated and did not include the elements required by EDGAR 74.34(f). Also, the list did not include any equipment purchased with funds from the Prairie Meadows Racetrack and Casino Community Betterment Award, nor its funding source or purchase date. This "Computer Giveaway" provides funds to the executive director to purchase personal computers that are given to consumers through an application process reviewed by the board selection process. The executive director indicated that he was the designated official who is authorized to make any adjustments to the inventory list. The CIL does not maintain a record of which consumers "won" the Giveaway and still have the computers.

In addition, CICIL does not have procurement standards that meet the requirements of 34 CFR 74.40 through 74.48. While CICIL has a written purchasing policy, it does not give adequate consideration to costs, quality, delivery, competitive bidding, inspection and acceptance. Furthermore, the center's written financial policies do not provide for the separation of duties in the purchasing and payment functions. The policy requires more than one signature only for checks over $500.00.

CICIL is not in compliance with EDGAR 74.34(f) because its property management standards do not include all of the components required by the federal regulation and EDGAR 74.40 and 74.44(a) because it does not have written procurement procedures that meets the requirements of sections 74.41 – 74.48.

Corrective Action: CICIL must take corrective action to ensure that it develops and implements 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 and 74.44.

CICIL Response: CICIL indicated that it maintains a record of the consumers to whom computers were supplied, but does not monitor what has been done with them after ownership changed hands following training and delivery to consumers. CICIL agreed that the current policies and procedures do not adequately address this situation and indicated it will work with ILRU and its CPA to establish and implement policies and procedures that meet the requirements of the regulations.

CICIL indicated that it currently has a listing of all equipment at the center. CICIL indicated that it is in the process of working with ILRU and a local CPA to develop and implement financial policies and procedures consistent with the above requirements.

RSA Response: RSA maintains this finding based on the facts described in the report. RSA acknowledges that CICIL will take corrective action and work with ILRU to establish internal controls for property management and requests a description of specific actions taken or to be taken in the corrective action plan.

Finding 7: 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 consumer service record that includes (a) Documentation concerning eligibility or ineligibility for services; (b) The services requested by the consumer; (c) Either the IL plan developed with the consumer or a waiver signed by the consumer stating that an IL plan is unnecessary; (d) The services actually provided to the consumer; and (e) The IL goals or objectives-- (1) Established with the consumer, whether or not in the consumer's IL plan; and (2) Achieved by the consumer. (f) A consumer service record may be maintained either electronically or in written form, except that the IL plan and waiver must be in writing.

34 CFR 366.63(c)(1). The center shall provide evidence in its most recent annual performance report that it (ii) Facilitates the development and achievement of IL goals selected by individuals with significant disabilities who request assistance from the center.

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.

Finding: Of the 27 CICIL CSRs reviewed:

- 5 did not include the required documentation of consumer eligibility or ineligibility;
- 15 did not include the signatures of both the consumer and the CICIL staff member on the ILPs or waivers;
- 19 did not include the services provided;
- 19 did not indicate the goals that were achieved; and
- 27 did not include evidence of CICIL staff's facilitation of the development and achievement of consumers' IL goals.

Generally, the CSRs contained incomplete intake forms and correspondence that made it almost impossible to determine in the CSRs what the center staff was doing to facilitate the consumers' goals and whether the goal had been completed. CICIL is not in compliance with the CSR documentation requirements, because its CSRs lacked:

- consumers' eligibility or ineligibility, as required by 34 CFR 364.53(a);
- signed ILPs or waivers, as required by 34 CFR 364.53(c);
- services actually provided to the consumer as required by 34 CFR 364.53(d);
- IL goals achieved by the consumer, as required by 34 CFR 364.53(e);
- CICIL staff's facilitation of the development and achievement of consumers' IL goals as required by 34 CFR 366.63(c)(1); and
- records to support annual performance reports as required by 366.63(c)(2).

Corrective Action: CICIL must take corrective action to ensure that it consistently includes in the CSRs documentation of consumer eligibility or ineligibility, signed ILPs or waivers, services provided, IL goals achieved, and staff's facilitation of the development and achievement of consumers' IL goals as required by federal regulations.

Technical Assistance: RSA recommends that CICIL, as part of is corrective action, designate at least one of the three FTEs included as staff as an IL Specialist who will provide IL services to consumers and find a qualified person to fill that role; CICIL should include steps to develop the corresponding policies and procedures to implement these corrective actions on an ongoing basis 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. ILRU has a number of CSR related trainings available for the purpose of training staff and ensuring consistency. Descriptions and links to register for

these courses are available online at: http://www.ilru.org/html/training/rapidCourses/index.html. For example, an archived webcast of "Beyond the Filing Cabinet: Appreciating the Value of Consumer Service Records" is available at:
http://www.ilru.org/html/training/webcasts/archive/2009/09-03-CIL-NET.html

CICIL Response: CICIL indicated that it took action to assure CSRs were in compliance after the on-site review of 2008. It indicated that it has taken ILRU courses on completing the CSR. However, it indicated that improving CSRs is an ongoing quality assurance improvement process and that staff is working to make CSRs in full compliance with requirements. In addition, it indicated that ILRU provided a list of relevant training resources.

RSA Response: RSA maintains this finding and acknowledges that CICIL has begun to take corrective action. RSA requests copies of the certificates of completion for the completion of the annual training courses for the staff and volunteers.

Finding 8: Annual Performance Report

Legal Requirement:

34 CFR 366.50(h) and (i). To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that (h) 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; (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 – . . . .

34 CFR 75.731. Records related to compliance. A grantee shall keep records to show its compliance with program requirements.

Finding: CICIL does not have documentation necessary to validate the data submitted in its annual performance report (704 Report) for the reporting period (October 1, 2010 – September 30, 2011) of RSA's on-site review. During the review, the executive director and staff were unable to identify which CSRs had been used to tabulate the numbers submitted in the FY 2011 704 Report. Initial discussions and communications with the executive director prior to the on-site review indicated a lack of awareness on the part of the center that the documentation of the information submitted in the 704 Report was a federal requirement.

CICIL does not meet the requirements of 34 CFR 366.50(h) and (i) and 34 CFR 75.731 because it cannot provide documentation necessary to validate the numbers submitted on the 704 report with regard to consumer information and the center's compliance with the CIL program's required assurances and evaluation standards.

Corrective Action: CICIL must take corrective action to ensure that they create and implement procedures to document the information from CSRs and other sources used to prepare their 704 Reports so that RSA can validate the accuracy of the center's 704 Report data and its compliance

with the CICIL program's assurances and evaluation standards, including the compliance indicators in 34 CFR 366.63.

CICIL Response: CICIL disagreed with this finding, indicating that all information can be justified as it was reported in the 704 report.

RSA Response: RSA maintains the finding based on the facts described in the report and the Review Team's review of CSRs as described in Finding 7. CICIL agreed to take corrective action on Finding 7. Without accurate CSRs, the data in the annual performance report (RSA-704) cannot be verified.

Finding 9: Three-Year Program and Financial Planning Objectives

Legal Requirement:

34 CFR 366.50((d) The applicant will establish clear priorities through (1) Annual and three-year program and financial planning objectives for the center, including overall goals or a mission for the center; (2) A work plan for achieving the goals or mission, specific objectives, service priorities, and types of services to be provided.

Finding: CICIL included annual planning objectives in the 704 report for FY 2011. However, the CIL has not established three-year program and financial planning objectives. The center's Strategic Plan has some goals and objectives, but it does not include financial planning objectives. Board meeting minutes do not include any discussion of financial planning or finances in general.

CICIL is not meeting the requirements of 34 CFR 366.50(d)(1) because it has not established clear priorities through three-year program and financial planning objectives for the center, including its overall goals or a mission.

Corrective Action: CICIL must take corrective action to establish clear priorities through three-year program and financial planning objectives for the center. The three-year plan must address the center's goals and mission and also incorporate the center's corrective action plan in response to this report. The three-year plan must form the basis for the center's work plan in accordance with 34 CFR 366.50(d)(2). Three-year plans and the corresponding work plans must reflect the center's mission and priorities in accordance with their original application. Finally, the board of directors, as the principal governing body of the center, must be actively involved in the development, review and approval of the planning objectives and work plans.

CICIL Response: CICIL responded that its board has established three-year strategic plans and financial plans and submitted board minutes for review.

RSA Response: RSA maintains the finding based on the facts described in the report. The two-page strategic planning meeting minutes does not provide any outcomes measures or details about financial planning objectives, but rather a broad generalization about ensuring financial

stability. RSA urges CICIL to work with ILRU to develop measurable goals and objectives for strategic and financial plans.

Finding 10: Board of Directors Oversight

Legal Requirement:

Section 725(b)(2) of the Rehabilitation Act: The center will be designed and operated within local communities by individuals with disabilities, including an assurance that the center will have a board that is the principal governing body of the center and a majority of which shall be composed of individuals with significant disabilities.

Finding: CICIL's board of directors is comprised of individuals with disabilities. The bylaws designate the board as the center's principal governing body and delineate board roles and responsibilities such as officer positions and duties. CICIL's bylaws outline other board responsibilities, including: supervision and evaluation of the executive director; review results of consumer satisfaction surveys; review and approval of annual budget; three-year strategic planning for fiscal and program planning; and review and update CICIL policies and procedures on an annual basis. However, RSA found several examples, cited below, that demonstrate the board is not providing responsible programmatic and fiscal oversight of the center.

The board minutes do not indicate that the board periodically evaluates the executive director's job performance or the center's performance with respect to the work plans, standards and assurances or customer satisfaction surveys.

Board minutes do not reflect the presentation of an annual budget from the executive director. Thus, the board did not approve an annual budget as required in CICIL policies and procedures. Board minutes and interviews did not reflect any strategic planning beyond the current and following fiscal years.

Policies and procedures for the center have not been updated within the past three years. During the review and throughout post review activities, RSA requested specific financial information on four separate occasions, in order to complete this report. The fourth submission of the information resulted in accurate financial data.

Taken as a whole, these examples show that the board does not function independently and does not approve financial or administrative matters. In addition, the board does not take an active role in the key personnel or programmatic decisions of the center.

CICIL is not in compliance with section 725(b)(2) of the Rehabilitation Act because the board of directors is not providing responsible programmatic and fiscal oversight of the center.

Corrective Action: CICIL must take corrective action to ensure that the board of directors provides responsible fiscal and programmatic oversight of CICIL. The corrective action must include review and revision of the center's and the board's policies and procedures as well as

training on board organization, development and fiscal and programmatic oversight responsibilities.

CICIL Response: CICIL disagreed with the finding that an annual budget was not approved by the board and submitted board minutes for review. CICIL indicated that it is in the process of working with ILRU to establish policies and procedures consistent with the above requirements.

RSA Response: RSA maintains the finding based on the facts presented in the report and given that there is no documentation the Board approved the budget in the meeting minutes. RSA acknowledges that CICIL is taking corrective action. As the governing body of the center, the board is responsible for overseeing the center's financial management.

Finding 11: Community Outreach

Legal Requirement:

34 CFR 366.63(d): Community options and community capacity. The center shall provide evidence in its most recent annual performance report that, during the project year covered by the center's most recent annual performance report, the center promoted the increased availability and improved quality of community-based programs that serve individuals with significant disabilities and promoted the removal of any existing architectural, attitudinal, communication, environmental, or other type of barrier that prevents the full integration of these individuals into society. This evidence must demonstrate that the center performed at least one activity in each of the following categories: (1) Community advocacy.(2) Technical assistance to the community on making services, programs, activities, resources, and facilities in society accessible to individuals with significant disabilities.(3) Public information and education.(4) Aggressive outreach to members of populations of individuals with significant disabilities that are unserved or underserved by programs under Title VII of the Act in the center's service area.(5) Collaboration with service providers, other agencies, and organizations that could assist in improving the options available for individuals with significant disabilities to avail themselves of the services, programs, activities, resources, and facilities in the center's service area.

Finding: CICIL was unable to provide evidence that any of the three full-time staff had conducted an activity in the required categories described below.

(1) Community Advocacy: Current and former consumers reported that the center does not provide community advocacy. CICIL staff reported that the Department of Transportation grant enabled the associate director to promote increased bus ridership among the nondisabled and disabled throughout the State of Iowa. However, there was no documentation of working with transit authorities in Iowa to increase accessibility of the transit systems. CICIL executive director and associate director listed the sale of reduced-fare bus passes as a community advocacy activity. While it may be convenient for people to purchase reduced-fare bus passes at the CIL, this is not an IL community advocacy activity. Volunteers and consumers reported that only one staff person, the associate director, rides the bus in Des Moines, playing his guitar, as a way to promote increased bus ridership on Des Moines bus system. This activity is funded by the Des Moines Area Regional Transit

(DART) targeting all residents, not people with disabilities specifically and not focused solely on accessibility. Moreover, CICIL reported this as community education.
The executive director reported that he conducted disability awareness workshops under the Living Well with a Disability subcontracted with the University of Iowa. However, the center was unable to produce a list of attendees of these workshops.

Consumers and former consumers reported that the CICIL staff did not provide guidance or assistance with enabling consumers to advocate with their housing authorities to resolve Section 8 housing issues and/or increase awareness of the accessibility needs of individuals with disabilities in the center's service areas.

(2) Technical assistance to the community: While the center serves as adult day facility for people who are homeless and people who want to use computers, phones, and fax machines, anyone is welcome to use the facility regardless of whether they meet the eligibility criteria. While volunteers and the office coordinator provide information and referral to people who call or visit the center, there was no evidence that CICIL proactively attempts to provide technical assistance to the community.

(3) Public information and education: Located in CICIL's lobby are pamphlets and information about services such as their peer counseling groups and the free use of the computer lab, phone, and fax machines. However, visitors of the center reported they did not know that they could be eligible for IL services if they had a disability. CICIL staff reported hosting coffee sessions at area apartment buildings off of the Skywalk. Meetings with consumers, former consumers, and stakeholders contradicted these reports and there was no documentation on the dates and times of these activities and how many people participated.

Aggressive outreach to members of populations of individuals with significant disabilities that are unserved or underserved by programs under Title VII of the Rehabilitation Act in the center's service area: There was no identifiable outreach to individuals with significant disabilities, particularly those who are unserved or underserved**.**

(4) As described below, CICIL's physical and virtual presence offer little to no outreach, including any visibility or information about services to individuals with disabilities.

- Throughout the review and during the exit conference, the executive director, associate director, and the CICIL attorney expressed their views that the center should be able to use Part C funds to serve the general public, and not limit itself to serve only individuals with significant disabilities. They reportedly did not want to "segregate" individuals with disabilities and provide IL services, but rather wanted to provide free coffee and free access to the computer lab to the general public.

- In terms of the visibility of its physical location in the community, CICIL is located one floor below the downtown Des Moines Skywalk. Unlike other businesses located on or off the Skywalk, there is no signage for CICIL in the Skywalk, Skywalk directory, or in the Skywalk brochures available at Skywalk directories. The front entrance of the center consists of a glass door and several large picture windows covered with paper, which

does not include the full name of the center and/or any indication as to what services are provided. As a result, there is little to no pedestrian foot traffic from the popular and busy Skywalk to CICIL.

- Further, though public transportation is available via a bus terminal across the street, there is no signage for CICIL on the exterior of the building. The only signs visible from the street are placed in the conference room windows, and do not include the center's name or any indication of the IL services that are required to be provided by CICIL. Rather, the signs advertise a conference room available for rent and describes "CICIL Services Available: Fax (transmit & receive), Computer Rental, Computer Training, Braille Transcription and Photocopying". There are no indications that CICIL is a Center for Independent Living serving individuals with disabilities. A passerby stated to the review team that he mistook the CIL for a "copy/office supply store" such as Kinko's.

(5) Collaboration with service providers, other agencies, and organizations - The CIL has not made an effort to do outreach with community organizations that do not have a disability focus and board members reported that it is too difficult to educate these organizations as they are not interested in the needs of individuals with disabilities. The role of a center for independent living is indeed to educate other organizations about enabling people with disabilities to live independently in the community by accessing other community organizations and services.

In summary, CICIL is not in compliance with Compliance Indicator 4, 34 CFR 366.63(d) because it lacks community outreach efforts as described above.

Corrective Action: CICIL must take corrective action to ensure that it develops and conducts activities to expand community options and capacity and to increase the numbers and diversity of its consumers and services, with a focus on the four IL core services. These strategies may include, but are not limited to, the following:

- assessing community needs and available resources (internal and external) for reaching more consumers within CICIL's service area (Information and referral inquiries offer a valuable needs assessment tool as well as an opportunity to encourage callers to become CICIL consumers.);
- establishing specific consumer and IL service targets for CICIL and incorporating these goals in its strategic plan with measureable outcomes;
- identifying and engaging potential community partners (current and new) , e.g., local churches, to reach the rural and minority populations, including the many Section 8 housing tenants in the dozen or more apartment buildings located near or on the Skywalk;
- providing staff and board members with training for reaching unserved and underserved populations, including minority and rural populations; and
- leveraging CICIL's present location and identifying strategies to increase its public visibility and accessibility, for example, by including a detailed map and directions on CICIL's website and printed materials and updating CICIL's Facebook page to provide basic contact information and the IL services offered.

Technical Assistance: CICIL may consider utilizing the training and technical assistance resources offered by the Independent Living and Resource Utilization's CIL-NET project as well as locally available community and nonprofit management resources.

CICIL Response: CICIL disagreed with the finding, indicating that its operations are open to individuals who are homeless. It denied that there were no advocacy efforts occurring citing the legislative breakfast it has conducted for the last fifteen years that provides open communication between state legislators and persons with disabilities. It indicated that the executive director sits on the Des Moines Access Advisory Board, which reviews major city projects for accessibility. It indicated that it is unaware of any "coffee meetings" held in apartment buildings, although it acknowledged that there have been a number of trainings and informational meetings held in housing units that have significant numbers of persons with disabilities. CICIL indicated that it has MOUs in place with several community organizations, including the Evelyn Davis Center for Working Families, the Aging Resources of Central Iowa, Des Moines Area Transit, Elsie Mason Manor, Liguiti Towers, Royal View Manor, and others.

CICIL denied that the individuals who are homeless and who frequent the center are "general public," but maintains that most, if not all, have some disability, from addiction that is under treatment, post traumatic syndrome disorder, or other mental health concerns, and that because the disability has resulted in homelessness, it is significant in interfering with basic life functions.

RSA Response: RSA maintains the finding based on the facts described in the report. Additionally, the Review Team found no evidence of consumers receiving IL skills training to learn how to advocate for themselves. Other than the agenda for the legislative breakfast, there was no documentation of attendees or any outcomes as a result of the breakfast. While general educational activities are permitted, direct lobbying of policy makers with federal funds is prohibited by OMB Circular A-122, Costs Principles for Non-Profit Organizations, Attachment B, Item 25. As noted in Finding 2, it is essential to determine which of the individuals who are homeless coming to CICIL have significant disabilities and then provide them with IL skills training and the opportunity to develop an IL Plan. The center cannot assume that all people who are homeless have a disability. Consistent with the IL Philosophy of consumer-control, CICIL staff should talk with people who frequent the center to determine if they are eligible for IL services, or can use the Workforce Development computers. There was no documentation that any of the homeless individuals have received appropriate services. The homeless persons interviewed by the Review Team reported receiving coffee, using the computer lab, and telephone, but not IL skills training.

Finding 12: Opportunity to Express Consumer Satisfaction

Legal Requirement:

34 CFR 366(c)(1). The center shall provide evidence in its most recent annual performance report that it (iii) Provides opportunities for consumers to express satisfaction with the center's services and policies in facilitating their achievement of IL goals and provides any results to its governing board and the appropriate SILC.

Finding: CICIL currently has a consumer satisfaction policy, including a nine-page satisfaction survey, but the process has not been implemented. Indeed, consumers were unaware of the satisfaction forms. The majority of consumers RSA met were computer lab users who did not necessarily have disabilities and were not aware of other IL services. As a result, the CIL lacks a reliable means to assess the quality and timeliness of their IL services.

CICIL is not meeting the requirements of 34 CFR 366(c)(1) because it lacks a reliable process or method for providing consumers with opportunities to express satisfaction with the center's services and policies in facilitating their achievement of IL goals or for providing any results to its governing board and the SILC.

Corrective Action: CICIL must take corrective action to ensure that it establishes a process and method to provide opportunities for consumers to express satisfaction with the center's services and policies in facilitating their achievement of IL goals, in accordance with 34 CFR 366(c)(1). The corrective action must include a process for providing any results to its board of directors and the SILC.

Technical Assistance: As part of this corrective action, RSA recommends that CICIL consider:

- meeting with eligible IL consumers to develop a meaningful method of garnering consumer satisfaction and implementing it, and;
- providing staff and board training regarding its consumer feedback opportunities and processes.

CICIL Response: CICIL disagreed with this finding, indicating that consumer satisfaction surveys are sent out annually, and the results are delivered to the board unopened for their review. CICIL attached the results of the latest two satisfaction surveys. These results were reviewed by the board in the development of the three-year plan.

RSA Response: RSA maintains the finding based on the facts described in the report. Additionally, the CICIL was unable to provide RSA with completed consumer satisfaction surveys and RSA did not speak to any current or former consumers who had been given the opportunity to complete a consumer satisfaction survey or otherwise to provide feed-back to CICIL. Indeed, former consumers reported that their attempts to file grievances about a lack of IL services were ignored.

Finding 13: Staff Development

Legal Requirement:

34 CFR 364.24 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.

34 CFR 366.50(l) - To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that—

(l) Staff at centers will receive training on how to serve unserved and underserved populations, including minority groups and urban and rural populations.

Finding: As a result of the lack of a training plan or policies and procedures that address training, staff and governing board training needs are not being met in a systematic manner. Although CICIL's service area includes a significant proportion of African-Americans and people who are homeless, CICIL's staff has not received training on how to serve unserved and underserved populations, including minority groups and urban and rural populations, such as people who are homeless. The result is minimal outreach efforts to serve those consumers.

CICIL is not in compliance with the requirements of 34 CFR 364.24 and 34 CFR 364.50(l) because it does not have a training plan for staff training and development and the CIL does not have policies and procedures that address training. CICIL is not in compliance with 34 CFR 366.50(l) because staff does not receive training on serving unserved or underserved populations, including minority groups and urban and rural populations.

Corrective Action: CICIL must take the necessary steps to implement its staff training and development plan consistent with the requirements in 34 CFR 364.24 and 34 CFR 364.50(L), and based on staff needs.

Technical Assistance: CICIL may consider including training for staff as well as board members, where appropriate, on such topics as board roles and responsibilities, nonprofit governance, IL philosophy and history, program development and evaluation, as well as fundraising and resource development in its training plan. As part of its training and development process, CICIL may consider utilizing the training and technical assistance resources offered by the Independent Living and Resource Utilization, IL-NET. During the on-site review, the Review Team provided CICIL executive director with information about CIL to CIL peer mentoring offered by the Association of Programs for Rural Independent Living (APRIL).

CICIL Response: CICIL responded that it makes available training such as webinars and trainings available to increase its awareness and ability to serve its consumers. In addition, it is taking advantage of relevant ILRU trainings.

RSA Response: RSA acknowledges that CICIL is taking corrective action and requests a specific description of the training plan in the CAP and the documentation of training completion in personnel files.

Finding 14: Prohibition Against Lobbying

Legal Requirement:

EDGAR 34 CFR 82.100 Condition on Use of Funds

No appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
(b) Each person who requests or receives from an agency a Federal contract, grant, loan, or cooperative agreement shall file with that agency a certification, set forth in appendix A, that the person has not made, and will not make, any payment prohibited by paragraph (a) of this section.
(c) Each person who requests or receives from an agency a Federal contract, grant, loan, or a cooperative agreement shall file with that agency a disclosure form, set forth in appendix B, if such person has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered Federal action), which would be prohibited under paragraph (a) of this section if paid for with appropriated funds.

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

(1) When an organization seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal, and thereafter treated as other unallowable activity costs in accordance with the procedures of subparagraph B.3 of Attachment A.
(2) Organizations shall submit, as part of the annual indirect cost rate proposal, a certification that the requirements and standards of this paragraph have been complied with.
(3) Organizations shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to paragraph 25 complies with the requirements of this Circular.
(4) Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this paragraph during any particular calendar month when: (1) the employee engages in lobbying (as defined in subparagraphs (a) and (b)) 25 percent or less of the employee's compensated hours of employment during that calendar month, and (2) within the preceding five-year period, the organization has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) are met, organizations are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

Finding: CICIL has not filed with the Department a certification regarding lobbying. Given CICIL's lack of fiscal controls and management, failure to submit a cost allocation plan, and lack of board oversight of the finances, detailed in this report, there is no evidence that CICIL has complied with OMB Circular A-122, Attachment B, Item 25(c).

CICIL is not in compliance with EDGAR 34 CFR 82.100 Conditions for funds or OMB Circular A-122, Attachment B, Item 25 Lobbying as there are no safeguards against the expenditure of

Part C funds, CICIL's primary funding source. Further, CICIL does not have a Certification of Lobbying form ED-80-0013 on file.

Corrective Action: CICIL must file a certification regarding lobbying with the Department of Education and take steps to ensure that it complies with the OMB Circular requirements and prohibitions regarding lobbying and that staff and board members are trained on the lobbying restrictions placed on federal grants.

CICIL Response: CICIL responded that it has never lobbied and will gladly complete the necessary certification requirements.

RSA Response: RSA acknowledges CICIL will complete the required certification and requests that it be submitted as part of its CAP along with a description of how CICIL will ensure that it complies with federal requirements concerning lobbying and trains its staff on lobbying prohibitions.