



**CENTERS FOR INDEPENDENT LIVING
COMPLIANCE REVIEW REPORT**

Stone-Hayes Center for Independent Living

Grant Award Number: H132A950002

Galesburg, IL

REVIEW DATES: December 10-12, 2013

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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 Stone-Hayes Center for Independent Living (SHCIL) in Galesburg, Illinois was conducted on December 10-12, 2012. The program review covered the center's operations and activities, and the financial review examined its 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 centers' management, staff, consumers 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 are used to verify 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:

- Felipe Lulli, RSA program specialist;
- Keith Timko, Department of Human Services, Illinois Division of Rehabilitation Services; and
- Yavonka Archaga, Resources for Independent Living, Inc., Louisiana, non-federal reviewer.

III. MISSION AND DESCRIPTION

SHCIL received its initial IL Part C grant award from RSA in 1995 to provide IL services in Knox and Warren Counties, Illinois. This service area is primarily rural and covers over 1,200 square miles.

According to SHCIL's fact sheet, the center's "consumer outcomes" mission is to "offer consumer-driven services that provide resources, skills, support and advocacy with an emphasis in self advocacy to empower individuals to be able to live independently." Its "community outcomes" mission is to "improve understanding through educational activities, collaboration and cooperative relationships for the betterment of services to people with disabilities."

For the reporting year (October 1, 2011 - September 30, 2012), SHCIL received \$225,306 in IL Part C regular continuations and \$36,384 in IL Part C funds under the American Recovery and Reinvestment Act of 2009. In addition, SHCIL received \$70,083 in state government funds, \$43,325 in other federal funds and approximately \$47,796 in private foundation, individual donation and other funds. Through its private sector resource development activities over the last few years, SHCIL has been able to build a \$60,000 reserve of unrestricted funds.

In addition to the provision of the four IL core services, SHCIL provides the programs and services described below.

- Legislative Internship Program (LIP): Provides a 16-week training program for minorities, youth and those living in rural communities who have disabilities to learn about the state legislative process and to develop leadership and decision-making skills that enhance their ability to address legislative issues that impact them and their respective communities. The program includes a trip to Springfield, IL, to visit the state capitol, speak with state legislators and observe legislative actions from the gallery.
- Home Services Program (HSV): Helps consumers to transition from nursing home or institutions to home or community-based living arrangements through the provision of personnel attendants for individuals with significant disabilities. The center trains people who want to be personal attendants, while teaching and empowering people with disabilities to hire, supervise their own attendants.
- Youth and Family Services: Assists students with significant disabilities and their parents in school settings through advocacy, for example, in the development of appropriate Individualized Education Plan and 504 Plans.

In addition to the above programs, SHCIL employs a deaf services coordinator providing specialized IL services to deaf and hard-of-hearing consumers, and maintains an assistive technology equipment demonstration and distribution program at the center.

SHCIL's community activities include a monthly radio program about independent living; regular local newspapers articles depicting consumers' contributions to their communities; and outreach to local hospitals, rural health clinics, health departments, pharmacists, dentists and mental health professionals.

IV. FINDINGS AND CORRECTIVE ACTIONS

RSA identified the compliance findings below. Within 30 days of receipt of the final report, SHCIL must submit a corrective action plan (CAP) to RSA for review and approval. The CAP must include: (1) the specific corrective actions that the centers will undertake in response to each finding; (2) the methodology that the centers 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's technical assistance provider, the Independent Living Research Utilization program (ILRU), is available to assist the centers in the development and implementation of the CAP.

RSA reserves the right to pursue enforcement action related to these findings as it deems appropriate as authorized in accordance with 34 CFR 74.14 and 34 CFR 366.39. Such enforcement actions may include special conditions such as draw down restrictions, funds withholding, or grant terminations.

Finding 1: Financial Management System

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 Rehabilitation 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 insure 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(a). Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205 (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. (3) The timing and amount of cash advances are as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs. (c) Whenever possible, advances are consolidated to cover anticipated cash needs for all awards made by the Secretary.

EDGAR 74.25. (a) The budget plan is the financial expression of the project or program as approved during the award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon ED requirements. It shall be related to performance for program evaluation purposes whenever appropriate. (b) Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions, in accordance with this section.

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.

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

Findings:

1.1 SHCIL is not in compliance with 34 CFR 364.34, 34 CFR 366.50(g), EDGAR 74.21(b)(3)(7) and EDGAR 75.702 because it does not have a financial control and fund accounting system necessary to ensure proper disbursement of, and accounting for, federal funds, and because its cost accounting records are not supported by source documentation. As a result, SHCIL is unable to assure that funds are being used solely for authorized purposes.

SHCIL has not implemented financial policies and procedures necessary to demonstrate proper accounting for and tracking of federal funds. SHCIL had developed a fiscal manual in 2004, under a previous administration, but the current management and governing board were unaware of this manual until RSA requested such information prior to its on-site review.

SHCIL currently lacks internal controls to govern the daily financial transactions and processes that occur when administering the federal award. The executive director and associate director were unable to provide knowledgeable responses to review team questions about the center's finances. They consistently deferred to SHCIL's certified public accountant who serves as the center's contracted accountant. The accountant, in turn, appeared to be unaware of EDGAR requirements governing discretionary grants. SHCIL relies heavily on the contracted accountant for the approval, allocation and execution of Part C expenditures. The contractor performs all of SHCIL's operational functions, including check writing, invoicing, payroll processing and bank reconciliations on a part-time. None of SHCIL's staff members is knowledgeable about these functions or able to access the center's financial accounting system without the assistance of the contractor. When the contractor is not available to process a check through the accounting system, for example, the associate director handwrites a check without entering it into the accounting system.

According to RSA's review of board agenda and minutes from November 2011 to December 2012, the governing board had not received, reviewed, discussed or approved any financial reports, including the ED Form 524 budget submitted to RSA on August 22, 2012. The meeting minutes indicate the board had a very limited role in the financial oversight of SHCIL. For example, the August 21, 2012 minutes state only that the center's accountant informed the governing board that he and the associate director "have been working on the Federal Part C – sent it in – returned and resubmitted with revisions." The June, September and November 2012 minutes mention profit/loss reports, but do not reference any board discussion or action on the subject.

Payment vouchers do not contain critical information such as the source of funds to be used for payment, the expense classification and transaction date. The accountant determines the distribution of costs among the center's various funding sources and makes periodic adjustments on an ad hoc basis based on budget percentages, not actual expenditures or allocable funding sources. Costs charged initially based on the budgeted percentages are not reconciled against actuals to ensure that only allowable and allocable costs are charged to Part C. As indicated in Finding 1.3, the SHCIL lacks processes and assigned roles for determining reasonableness, allocability and allowability of individual expenditures, and does not adequately document its Part C drawdowns and expenditures.

While SHCIL conforms to most pertinent EDGAR requirements regarding the safeguarding of property, it has not designated the individual authorized to make adjustments to inventory, when necessary.

1.2 SHCIL is not in compliance with EDGAR 74.21(b)(4) and EDGAR 74.25(b) because it does not compare outlays with budget amounts for each award, report deviations from budget plans or request prior approval for budget revisions.

SHCIL does not have a mechanism for tracking and comparing actual Part C expenditures against the RSA-approved budgets (ED Form 524). According to the board minutes reviewed by RSA, the governing board does not review or approve the center's budget or compare the budget with actual outlays. The only reference to a budgeted to actual comparison/review was in the June 19, 2012 board meeting minutes, in which the accountant expresses his "hope to generate budget versus actual to present to the board." As a result, SHCIL drew down \$2,591 in excess of the regular Part C authorized amount for October 1, 2011 – September 30, 2012. (The center rectified this situation after the RSA review by refunding the entire amount to the U.S. Treasury on January 17, 2013.)

SHCIL does not have policies or procedures for reporting budget deviations or requesting prior RSA approval for budget revisions. The center's ARRA Part C Profit-Loss statement reported expenditures of \$51,889, compared to the RSA-approved amount of \$36,385 in the ED Form 524 for ARRA project year three. SCHIL is not obliged to refund the \$15,504 difference between the budgeted and actual amounts because the Supplemental Appropriations Act of 2009 allows CILs to expend their ARRA Part C funds over a five-year period. However, CILs are required by EDGAR 74.25(b) to request RSA pre-approval of significant budget revisions, which SHCIL failed to do.

1.3 SHCIL is not in compliance with EDGAR 74.21(b)(6) and OMB Circular A-122, Attachment A, Section A.4.a and b, because it does not have written procedures for determining the reasonableness, allocability and allowability of costs in accordance with applicable federal cost principles and the terms and conditions of the award.

RSA could not ascertain the reasonableness, allocability and allowability of SHCIL's Part C expenditures because the center does not maintain adequate support documentation. Of the \$85,384 in total expenditures in RSA-reviewed regular Part C drawdowns (October 13, 2011, February 27, 2012, April 2, 2012 and September 26, 2012) and ARRA Part C drawdowns (February 27, 2012, June 13, 2012, June 26, 2012 and September 13, 2012), only \$6,089 was adequately documented. Two of the drawdowns (October 13, 2011 and September 26, 2012) had no documentation at all. The April 2, 2012 drawdown of \$30,000 included adequate documentation for only \$1,156. It also included a hand-written note indicating \$11,000 in estimated payroll costs, \$13,000 for a line of credit and \$3,500 for health insurance, all of which lacked supporting documentation. The February 27, 2012 drawdowns of \$10,000 in regular Part C and \$2,500 in ARRA Part C funds included a Payroll Summary report totaling \$8,522 that lacked supporting timesheets and did not specify the allocation of cost between the regular and ARRA funds. Two other drawdowns (June 26, 2012 and September 13, 2012) included only non-specific "Profit and Loss by Class" reports whose figures did not match the drawdown amounts. It appears that SHCIL did not have on file the supporting documentation for the

identified drawdowns prior to the RSA review. Rather, center staff gathered invoices and generated reports only in response to RSA's on-site requests.

Also, RSA identified certain Part C expenditures that appear to be unallowable and unallocable. For example, on December 3, 2012, the board authorized \$2,500 in Christmas bonuses, which are not allowable unless the SHCIL could demonstrate that the bonuses were either "based on cost reduction, or efficient performance, suggestion awards, safety awards, etc.," or "determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment," as required by item 8(J) of the OMB Circular A-122 cost principles. During the review SHCIL did not provide any plan, policy or agreement meeting these criteria.

In addition, the June 13, 2012 drawdown documentation indicates that ARRA Part C was charged \$539 in restaurant charges incurred during SHCIL's trip to the state capitol as part of the DRS-funded LIP internship program. The remaining drawdown charges were for internet services and employee health and life insurance and other charges that, according to hand-written notations, had initially been allocated to other federal and state funds (regular Part C, LIP and HSV) yet were charged a second time to the ARRA Part C grant. Further investigation and discussions with SHCIL staff suggest that such overlapping ARRA Part C charges were due to the budgetary, cost allocation and documentation deficiencies described in Findings 1.1 through 1.4.

SHCIL draws down and disburses Part C funds without an approved cost allocation plan or indirect cost rate per EDGAR requirements. Without a cost allocation methodology, the agency is not able to demonstrate that shared costs have been allocated to each funding source in proportion to the benefit received.

Finally, SHCIL's fiscal management system deficiencies potentially may have resulted in the unauthorized use of Part C funds to serve a geographic area, Henderson County, not authorized by the original, RSA-approved application which allows Part C funds in Knox and Warren counties only. While SHCIL may use non-Part C funds in Henderson County, the center does not have the internal controls necessary to ensure that Part C funds are not being used there.

Note: Undocumented or unallowable/unallocable expenditures may be subject to cost recovery by RSA unless SHCIL can provide the necessary supporting documentation to justify the expenditures and/or to demonstrate that they were paid with funding other than IL Part C funds.

1.4 SHCIL is not in compliance with EDGAR 74.21(b)(5) and EDGAR 74.22(b)(1)(2)(3) because it does not have written procedures to minimize the time elapsing between the center's drawdowns of Part C funds and the disbursement of such funds, and because its drawdowns are not timed or documented as necessary to ensure that they are in accordance with its actual, immediate cash requirements in carrying out the purpose of the approved grant.

As indicated in Finding 1.3, SHCIL does not maintain adequate supporting documentation of its expenditures and drawdowns. Also, RSA found that SHCIL routinely rounded up the drawdown

amount in excess of its actual documented cash requirements. The June 13, 2012 drawdown, for example, included \$4,933 in documented costs, yet was rounded up to \$5,500. When questioned about this, the accountant explained that this was done to provide the center with additional funds for unforeseen expenditures. Also, SHCIL draws down Part C funds on an irregular basis. For example, the center made three drawdowns for a total of \$45,000 in May 2012, but did not make any more until its two drawdowns for \$33,000 in August. (The \$78,000 in combined May and August drawdowns accounted for 35 percent of the center's total grant award for the reporting year.) Prior to drawing down federal funds, SHCIL must have a documented need for all funds requested and ensure that the funds are disbursed in a timely manner.

These factors contributed to SHCIL's overdrawing its IL Part C funds by \$2,591, as indicated in Finding 1.2.

Corrective Action: SHCIL must take corrective actions to:

- 1.1 establish a financial control and fund accounting system necessary to ensure compliance with federal requirements. The corrective actions must include the development and implementation of written policies, procedures and internal controls—subject to board approval—addressing all fiscal requirements including, but not limited to, budget approval and review, cash management, procurement, segregation of duties, proper assignment of costs, adequate supporting documentation maintenance and safeguarding of federal funds and assets. The corrective action plan must also include a plan for implementing, monitoring and enforcing the written financial policies and procedures, including defined roles, timelines and training, and must reflect the primary fiduciary oversight responsibility of the governing board. The center is responsible for implementing policies, procedures and internal controls to ensure 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. SHCIL must ensure there are controls over the everyday financial operations and functions of the SHCIL and that the internal controls procedures are monitored to ensure compliance with federal requirements. With regard to the safeguarding of property, SHCIL must designate the individual authorized to make adjustments to inventory, when necessary.
- 1.2 ensure the governing board reviews and approves SHCIL's annual budget and compares the center's budget with actual outlays at least quarterly, and that budget deviations and revisions are reported to and approved by RSA. To ensure adequate internal control related to budget expenditures, SHCIL must establish a mechanism for tracking and comparing the amounts charged to the grants against the ED Form 524 budgets approved by RSA. In addition, SHCIL must submit a budget revision request for ARRA Part C project year four reflecting the project year three expenditures in excess of the authorized amount.
- 1.3 develop and implement written procedures, including assigned roles and responsibilities, for determining reasonableness, allocability and allowability of specific expenditures, and establish the tracking, documentation and monitoring processes necessary to ensure compliance with the applicable federal cost principles, regulations and grant terms and conditions, including the geographic areas specified in the original RSA-approved application. Also, SHCIL must provide supporting documentation demonstrating that the

specific expenditures identified in Finding 1.3 were allowable, allocable and reasonable or not paid with Part C funds.

1.4 develop and implement written procedures to minimize the time elapsing between the center's drawdowns of Part C funds and ensure that drawdowns are timed in accordance with the center's actual, immediate and documented cash requirements in carrying out the purpose of the Part C award, and that they are made only for allowable, allocable and reasonable costs.

Technical Assistance. The OMB Circular A-122 cost principles are available at http://www.whitehouse.gov/omb/circulars_a122_2004. The RSA-funded Independent Living Research Utilization (ILRU) program has scheduled a May 21-23, 2013 Financial Management Workshop for CILs in Pittsburgh, PA, and an online financial management training on August 12-30, 2013. As part of its fiscal trainings, ILRU has developed a sample financial management manual that SHCIL may use to develop its own required written policies and procedures. Information about these trainings and the fiscal manual are available at <http://ilru.org/publications/il-net-fiscal-policies-procedures-handbook.html>, http://wiki.ilru.net/index.php?title=Financial_Management_Workshop_for_CILs, and <http://ilru.org/html/training/online/index.html>. In addition, RSA can arrange for ILRU to intensive assistance to SHCIL, upon request.

SHCIL Response: We agree with the findings and will be developing a corrective action plan to address these items.

Finding 2: 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: SHCIL is not in compliance with OMB Circular A-122, Attachment B, Item 8(m)(1) because its employees do not submit personnel activity reports (PAR) reflecting an after-the-fact determination of the actual grant activity of each employee. The center’s accountant routinely charges payroll costs based on estimated payrolls rather than actual costs. Non-supervisory employees informally track hours worked on calendar pages submitted to the associate director. (Supervisory employees and the contracted accountant do not submit any such documentation.) But the calendar pages are not signed and do not track actual hours spent on the center’s different funding sources. Such practices do not comply with “documented payrolls approved by a responsible official(s)” requirement in OMB Circular A-122.

Corrective Action: SHCIL must develop and implement policies and practices that comply with OMB Circular A-122, Attachment B (7)(m), including the requirements that PARs:

- be completed and submitted by the executive director as well as nonsupervisory staff;
- allocate the actual number of hours spent on activities related to all funding sources;
- account for the total activity for which employees are compensated; and
- are signed by the individual employee or by a responsible supervisory official having firsthand knowledge of the employee-performed activities.

SHCIL Response: We agree with the findings and will be developing a corrective action plan to address these items.

Finding 3: 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: SHCIL 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 Part C grant without a cost allocation plan or indirect cost rate (ICR) agreement approved by the U.S. Department of Education’s Indirect Cost Group to ensure that centers distribute administrative costs among their various funding sources in a manner that provides a clear understanding of agency financial operations.

Corrective Action: SHCIL must develop, receive approval of, and implement a cost allocation plan or indirect cost rate. As part of the corrective action, SHCIL must submit an approvable cost allocation plan or indirect cost rate proposal to the U.S. Department of Education’s Indirect Cost Group, at mary.gougisha@ed.gov, within three months of the final report’s issuance.

Technical Assistance: CAP/ICR information, including a model cost allocation plan and list of state contacts is available at http://wiki.ilru.net/images/a/af/Model_CAP_2013.pdf and <http://www2.ed.gov/about/offices/list/ocfo/fipao/icgreps.html>.

SHCIL Response: We agree with the findings and will be developing a corrective action plan to address these items.

Finding 4: Procurement

Legal Requirement:

EDGAR 34 CFR 74.44(a). All recipients shall establish written procurement procedures. These procedures must provide for, at a minimum, that (1) Recipients avoid purchasing unnecessary items; (2) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government; or

(3) Solicitations for goods and services provide for all of the following: (i) A clear and accurate description of the technical requirements for the material, product, or service to be procured. In competitive procurements, a description shall not contain features which unduly restrict competition. (ii) Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. (iii) A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. (iv) The specific features of brand name or equal descriptions that bidders are required to meet when these items are included in the solicitation. (v) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement. (vi) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment, and are energy efficient.

Finding: SHCIL is not in compliance with EDGAR 34 CFR 74.44(a)(1)-(4) because, after reviewing its policy manual and speaking with staff, RSA determined that the center lacked the required written procurement procedures.

Corrective Actions: SHCIL must take the corrective actions necessary to develop and implement written procurement procedures – subject to board approval – that meet the requirements outlined in 34 CFR 74.44(a)(1)-(4) as well as 34 CFR 74.45 through 74.48.

SHCIL Response: We agree with the findings and will be developing a corrective action plan to address these items.

Finding 5: Conflict of Interest

Legal Requirement:

EDGAR 75.525. A grantee may not permit a person to participate in an administrative decision regarding a project if: (1) The decision is likely to benefit that person or a member of his or her immediate family; and (2) The person (i) Is a public official; or (ii) Has a family or business relationship with the grantee. (b) A grantee may not permit any person participating in the project to use his or her position for a purpose that is—or gives the appearance of being—motivated by a desire for a private financial gain for that person or for others.

Finding: SHCIL is not in compliance with EDGAR 75.525 because it does not safeguard against conflicts of interests in the center’s administrative decisions. At the time of the RSA review, for example, SHCIL’s associate director was the secretary and a voting member of the Board of Directors. Both the associate director and executive director actively participated in executive sessions, as evidenced, for example, in the executive board minutes of May 15 and December 3, 2012. The executive director appears to have had an inappropriately active role in board operations, for example, by routinely developing board meeting agendas independent of input from the board members. Also, at the February 21, 2012 meeting, the executive director accepted the resignation of a board member without submitting the letter of resignation to the board of directors for approval.

Though the associate director assured RSA that she recuses herself from voting on matters that may involve possible conflicts of interest, the review team encountered several circumstances in which the associate director and executive director’s attendance at executive committee meetings raises serious questions about the impartiality of its board decisions regarding compensation. For example, the executive director and the associate director participated in the December 3, 2012, executive session in which the board authorized bonuses totaling \$2,500 (non-taxable, not subject to FICA and Medicare taxes) for Christmas gifts, with the executive director and associate director each receiving \$500 and the other staff each receiving \$250. At the May 15, 2012 executive session meeting, the board agreed to pay out six weeks of vacation leave to the executive director and four weeks to the associate director. As indicated in Finding 9, the board does not conduct performance evaluations of the executive director.

While SHCIL’s bylaws contain conflict of interest provisions, based on the above examples, it is clear that the provisions are not being observed or enforced.

Corrective Actions: SHCIL must take the corrective actions necessary to safeguard against perceived or actual conflict of interest in its board governance and staff compensation practices by implementing policies and procedures addressing potential conflicts of interest – subject to board approval – including inappropriate staff member involvement in board decisions. It must also reestablish regular board evaluations of the executive director’s job performance.

SHCIL Response: The associate director has resigned from the governing board immediately to correct the conflict of interest perception. We agree with the findings and will also develop written policies and procedures as part of the corrective action plan.

Finding 6: Equal Access

Legal Requirements:

34 CFR 366.63(a)(4). 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.

34 CFR 366.63(a)(5). To ensure that a center complies with Sec. 366.63(a)(4) and for effective communication, a center shall make available in alternative formats, as appropriate, all of its written policies and materials and IL services.

34 CFR 364.23(b) The State plan must also assure that, to the maximum extent feasible, the service provider makes available personnel able to communicate (1) With individuals with significant disabilities who rely on alternative modes of communication, such as manual communication, nonverbal communication devices, Braille, or audio tapes, and who apply for or receive IL services under title VII of the Act. (2) In the native languages of individuals with significant disabilities whose English proficiency is limited and who apply for or receive IL services under title VII of the Act.

34 CFR 364.30. The State plan must include satisfactory assurances that all service providers will use formats that are accessible to notify individuals seeking or receiving IL services under chapter 1 of title VII about (a) The availability of the CAP authorized by section 112 of the Act; (b) The purposes of the services provided under the CAP; and (c) How to contact the CAP.

34 CFR 364.58. Each service provider shall (a) Establish policies and procedures that an individual may use to obtain review of decisions made by the service provider concerning the individual's request for IL services or the provision of IL services to the individual; and (b) Use formats that are accessible to inform each individual who seeks or is receiving IL services from the service provider about the procedures required by paragraph (a) of this section.

Findings: SHCIL is not in compliance with:

6.1 34 CFR 366.63(a)(4) and 34 CFR 364.23(b) because it does not ensure equal access for consumers with cognitive disabilities and individuals with significant disabilities whose English proficiency is limited. SHCIL does not have any picture boards or alternative communications about the center's services, programs, activities, resources and facilities. While SHCIL has its brochure and a few public service announcements in Spanish, the center does not have staff or volunteers who are able to communicate with consumers with the significant Hispanic community in Galesburg. In the past, a Spanish-speaking individual helped SHCIL to serve

consumers with significant disabilities from this community, but that person is no longer available and the center has not identified someone to take his place.

6.2 34 CFR 366.63(a)(5), 34 CFR 364.30 and 34 364.58 because its written policies, materials and forms including independent living plans (ILPs), Client Assistance Program (CAP) brochures and appeals process descriptions are not readily available in alternative formats for individuals with significant disabilities who rely on alternative modes of communication. SHCIL staff assured RSA that they can make such materials available upon request. However, the center does not notify consumers, through its written materials or policies, that alternative formats are available upon request or describe the process by which the alternative formats can be requested.

Corrective Action: SHCIL must take corrective action to:

6.1 expand options for the individuals with cognitive disabilities, consumers with limited English proficiency or others who need alternative communication resources to achieve equal access to the center's services, programs, activities, resources and facilities.

6.2 make available copies of written policies and materials and IL service forms including ILP, CAP and appeals processes in alternative formats such as Braille and audio tape. As part of this corrective action, SHCIL must notify consumers in its written materials and service provision policies that alternative formats are available and describe the process by which the alternative formats can be requested.

SHCIL Response: We feel we are complying in this area. We respond when requested. We have access to Braille but there have not been requests in that area; we regularly provide audio to the person who requests that accommodation. We can print in large print as readers. We will provide a reader or interpreter as requested for all services. We have a video phone and identified interpreters. A Deaf staff person provides services in ASL. Appointments are required for interpreter services which has been a delay but the service is still offered. We offer interpreting and if any other language is needed we will request interpreter information in that language as well.

RSA Determination: SHCIL's response describes the reasonable accommodations available for individuals who are blind and deaf. However, finding 6.1 relates to individuals with cognitive disabilities rather than those with visual or auditory impairments. With regard to consumers with limited English proficiency, also the subject of finding 6.1, SHCIL's statement that it "will request interpreter information in a different language" does not provide the necessary detail about what resources will be available to consumers with limited English proficiency and how they will access such resources. With regard to finding 6.2, SCHIL's response does not address the requirement to notify consumers in its written materials and service provision policies that alternative formats are available and describe the process by which the alternative formats can be requested. Therefore, RSA affirms this finding.

Finding 7: Consumer Service Records

Legal Requirement:

34 CFR 364.52(b)(1) Development of an individual's IL plan must be initiated after documentation of eligibility under Sec. 364.51(a) and must indicate the goals or objectives established, the services to be provided, and the anticipated duration of the service program and each component service. (2) The IL plan must be developed jointly and signed by the appropriate staff member of the service provider and the individual with a significant disability or, if consistent with State law and the individual chooses, the individual's guardian, parent, or other legally authorized advocate or representative.

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.

34 CFR 366.63(c)(1)(i). The center shall provide evidence in its most recent annual performance report that it maintains a consumer service record that meets the requirements of 34 CFR 364.53 for each consumer.

34 CFR 366.63(c)(1)(ii). The center shall provide evidence in its most recent annual performance report that it 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)(i). The center shall provide evidence in its most recent annual performance report that the center maintains records on the IL goals that consumers receiving services at the center believe they have achieved.

Findings:

7.1 SHCIL is not meeting the requirements of 34 CFR 364.53(b)(d)(e)(2), 34 CFR 366.63(c)(1) and 34 CFR 366.63(c)(2)(i) because, of the 16 CSRs reviewed by RSA, five did not specify the services requested, six did not indicate the services provided, and seven did not specify the goals achieved. SHCIL's intake form includes a "Reasons for Desiring Services" checklist with broad IL service categories, but the checklist serves as a preliminary consumer interest inventory only, not a list of services actually requested in support of consumers' specific IL goals. Moreover, the checklist does not include the four IL core services. The CSR narratives and forms do not consistently list or document the IL services actually provided. The "Change of Status" form that SHCIL uses to track goals achieved lists broad categories of goals, but it does not describe the goals or document the outcomes achieved. Nor are they consistently documented or described in the CSR narratives or ILPs.

7.2 SHCIL is not meeting the requirements of 34 CFR 364.52(c)(1)(i) because none of the 12 ILPs reviewed specified the estimated duration of the program and services in support of the consumers' IL goals. In fact, SHCIL's current ILP form does not even include space for specifying the services requested and the estimated duration thereof.

7.3 SHCIL is not meeting the requirements of CFR 366.63(c)(1)(ii) because its CSRs do not provide evidence that the center's IL advocates facilitate the development and achievement of consumers' IL goals. The narratives describe the IL staff's activities, but the activities often are not tied to specific goals or show how the activities contributed to the development and achievement of the consumer's goals.

Corrective Action:

SHCIL must take corrective action to ensure that:

7.1 CSRs adequately and consistently documents consumers' requested services, the services provided and the goals achieved;

7.2 ILPs indicate the estimated duration of the program and services in support of the consumers' IL goals; and

7.3 CSR narratives and consumer forms document the IL staff's role in the development and achievement of the consumers' goals, specifically, by establishing clear links between the IL services provided and the IL goals supported by means of the services.

The corrective actions for 7.1 through 7.2 must include the development and implementation of the necessary policies and procedures, revised forms and staff training.

Technical Assistance: CSR documentation and goal-setting tutorials are provided by ILRU at <http://ilru.org/html/training/rapidCourses/index.html>.

SHCIL Response: We agree that we need to improve consistency in the documentation. Policies and procedures will be developed and implemented in this area as part of the corrective action plan.

Finding 8: Annual Performance Report

Legal Requirement:

34 CFR 366.50(h). 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.

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

Finding: SHCIL is not meeting the requirements of 34 CFR 366.50(h) and 34 CFR 75.731 because the accuracy of the center's FY 2012 704 Report cannot be validated in view of the

documentation deficiencies outlined in Finding 7 as well as the consumer information inaccuracies described below.

- SHCIL's FY 2012 704 Report does not accurately report the number of consumers served during the reporting year. The 704 Report indicates that 216 consumers were served during FY 2012, but the list of consumers provided by the center only includes 202 consumers. Also, in three of the 16 CSRs selected from the center-provided list, no IL services were provided during the reporting year. These consumers should not have been counted in the FY 2012 704 Report.
- SHCIL's IL staff routinely count as IL services certain activities that should not be counted as such. For example, they routinely counted leaving a phone message or asking consumers to complete a consumer satisfaction survey as "Advocacy/Legal Services" or "Other Services." ("Other Services" was the most common IL services in the latest 704 Report, with 206 of the center's 216 consumers receiving this service.) In another example, general advice about a particular internet provider was counted as "Legal/Advocacy" and "IL Skills Training" services.
- RSA frequently found the duplicate counting of services in the CSRs, for example, with a single activity being counted as both "Youth/Transition" and "Children's Services."

In addition, SHCIL's FY 2012 704 Report (Subpart I, Section A, Row B) has an incorrect amount of \$280,209 for IL Part C received for the reporting year. The correct amount is \$261,691, comprised of \$225,306 in regular Part C and \$36,385 in available ARRA Part C funds according to the center's approved ED Form 524.

Corrective Action: SHCIL must create and implement procedures to accurately document the CSR and other information used to prepare its 704 Report, so that the report's accuracy can be validated. Specifically, the center must ensure that the 704 Report includes an accurate number of consumers served; only activities that can properly be considered IL services (e.g., not just a follow-up contact); IL services that are counted once per consumer, under a single IL service category; and the correct amount for IL Part C funds received for reporting year.

The corrective actions must include the development and implementation of the necessary policies and procedures, forms and staff training. Also, SHCIL must resubmit its FY 2012 704 Report with corrected IL Part C amount, consumer demographic information and IL services and outcomes data.

Technical Assistance: Key Guidance for Ensuring 704 Report Compliance and Data Integrity are is available at <http://rsa.ed.gov/programs.cfm?pc=CIL&sub=performance#rsa704>.

SHCIL Response: We agree with the findings and will be developing a corrective action plan to address these items.

Finding 9: Program and Financial Planning Objectives

Legal Requirement:

34 CFR 366.50(d)(1). The applicant will establish clear priorities through annual and three-year program and financial planning objectives for the center. 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: SHCIL is not meeting the requirements of 34 CFR 366.50(d)(1) because it does not establish clear priorities through annual and three-year program and financial planning objectives. The only planning document provided by SHCIL is the work plan included in its 704 Report. However, this work plan does not meet the federal requirement because it does not address the center's overall goals and mission, include financial planning objectives or cover a three-year period. In addition, according to board members with whom RSA spoke during the review, the work plan was developed with little or no governing board involvement.

Corrective Action: SHCIL must take corrective action to establish clear priorities through annual and three-year program and financial planning objectives that includes annual and three-year components, financial as well as program objectives, and the center's overall goals and mission. In addition, the work plan in SHCIL's 704 Report must be revised to accurately reflect the annual and three-year program and financial plan. It must also incorporate the centers' corrective action plan in response to this report. As the principal governing body of the center, the board of directors must be actively involved in the development of the planning objectives and work plans.

SHCIL Response: We agree with the findings and will be developing a corrective action plan to address this item.

Finding 10: Organizational and Personnel Practices

Legal Requirement: 34 CFR 366.50(e). The applicant will use sound organizational and personnel assignment practices, including taking affirmative action to employ and advance in employment qualified individuals with significant disabilities on the same terms and conditions required with respect to the employment of individuals with disabilities under section 503 of the Act.

Finding: SHCIL is not in compliance with 34 CFR 366.50(e) because it lacks key components of sound organizational and personnel management. A review of personnel records indicated that not all staff members had job descriptions. SHCIL does not conduct formal performance appraisals of staff, even though it is required by its personnel manual. Some staff reported receiving feedback on an informal, irregular basis only. Moreover, the board does not conduct performance evaluations of the executive director. In addition, SHCIL does not ensure that staff members understand and comply with the provisions of center's personnel manual, and several interviewed staff members were not aware of the manual's existence. Finally, the organizational chart provided by SHCIL omits the contracted accountant, despite the accountant's important role in the center's decisions regarding the Part C expenditures approvals, allocations and

drawdowns, as described in Findings 1 and 2. Moreover, the accountant does not have an approved or executed contract with the center and his duties are not formally outlined in a job description or other official document, such as a contractual agreement.

Corrective Action: SHCIL must take corrective action to ensure that it develop and implement a comprehensive organizational chart, job descriptions and formal performance appraisals, including the contracted accounted, as appropriate. In addition, SHCIL must ensure that its staff is informed, through trainings and other means, of its revised policies and procedures manual in response to the RSA review.

SHCIL Response:

We agree with the findings and will be developing a corrective action plan to address these items.

Finding 11: 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(1). To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that staff at centers will receive training on how to serve unserved and underserved populations.

Findings:

11.1 SHCIL is not in compliance with 34 CFR 364.24 because it has not established a program of staff development directed at improving the skills of staff directly responsible for the provision of IL services, including knowledge of and practice in the IL philosophy. SHCIL cites the importance of staff training in its personnel manual and allows staff members to attend training opportunities upon request. However, RSA found no documentation indicating that the center had established a formal staff development program that, for example, identifies the individual development needs of staff and ensures that these staff development needs are met. This was further confirmed by staff members, who expressed the need for training in the IL core services, CSR management, conflict resolution and outreach to underserved population, including the deaf and hard of hearing.

11.2 SHCIL is not in compliance with 34 CFR 366.50(1) because its staff do not receive training on how to serve unserved and underserved populations including minority groups and urban and rural populations. SHCIL does engage the Hispanic community within its service area through a local Hispanic fair and its relationship with Hispanic groups and elected officials, including the Hispanic mayor of Galesburg. But IL staff have not received training on how to address the

particular needs of Hispanic individuals with significant disabilities and/or other underserved populations.

Corrective Actions: SHCIL must take corrective action to:

11.1 establish and maintain a staff development program directed at improving the skills of staff directly responsible for the provision of IL services, including in the areas of the IL philosophy, the IL core services and CSR management, among others; and

11.2 provide SHCIL's IL staff with training on how to serve unserved and underserved populations including the Hispanic community and/or other underserved populations.

SHCIL Response: While we have provided some cultural training related to services to Hispanics we do need improvement in that area. We agree with the findings and will be developing a corrective action plan to address these items.

Finding 12: Consumer Satisfaction/Dissatisfaction

Legal Requirement: 34 CFR 366.63(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: SHCIL is not in compliance with 34 CFR 366.63(c)(1) because, while staff regularly conduct satisfaction surveys of their consumers, the consumer satisfaction survey results are not provided to SHCIL's governing board or the SILC.

Corrective Actions: SHCIL must take corrective action to ensure that the consumer satisfaction survey results are provided to the center's governing board and the SILC.

SHCIL Response: While we do quarterly satisfaction surveys and participate in the state-wide annual survey, we have not shared the information and will do that as part of the corrective action plan.

Finding 13: Safeguards Against Lobbying

Legal Requirement: 34 CFR 82.100(a). 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.

Finding: SHCIL is not in compliance with 34 CFR 82.100 because the center does not have policies or procedures safeguarding against lobbying and does not have on file a signed and dated copy of the Certification of Lobbying Form ED-80-0013 regarding the use of federal funds to influence or attempt to influence any federal agency or Congress through lobbying activities as described in 2 CFR 230, Attachment B, Item 25.

Corrective Action: SHCIL must take corrective action to establish written policies or procedures safeguarding against lobbying and ensure that it keep on file a signed and dated copy of the Certification of Lobbying Form ED-80-0013.

SHCIL Response:

We agree with the findings and will be developing a corrective action plan to address this item.

Finding 14: Drug-Free Workplace

Legal Requirement: 34 CFR 84.200. There are two general requirements if you are a recipient other than an individual. (a) First, you must make a good faith effort, on a continuing basis, to maintain a drug-free workplace. You must agree to do so as a condition for receiving any award covered by this part. The specific measures that you must take in this regard are described in more detail in subsequent sections of this subpart. Briefly, those measures are to (1) Publish a drug-free workplace statement and establish a drug-free awareness program for your employees and (2) Take actions concerning employees who are convicted of violating drug statutes in the workplace. (b) Second, you must identify all known workplaces under your Federal awards.

34 CFR 84.205. You must publish a statement that (a) Tells your employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in your workplace; (b) Specifies the actions that you will take against employees for violating that prohibition; and (c) Lets each employee know that, as a condition of employment under any award, he or she: (1) Will abide by the terms of the statement; and (2) Must notify you in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace and must do so no more than five calendar days after the conviction.

34 CFR 84.210. You must require that a copy of the statement described in Sec. 84.205 be given to each employee who will be engaged in the performance of any Federal award.

34 CFR 84.215. You must establish an ongoing drug-free awareness program to inform employees about (a) The dangers of drug abuse in the workplace; (b) Your policy of maintaining a drug-free workplace; (c) Any available drug counseling, rehabilitation, and employee assistance programs; and (d) The penalties that you may impose upon them for drug abuse violations occurring in the workplace.

Finding: SHCIL is not in compliance with 34 CFR 84.210 and 34 CFR 84.215 because, according to a review of personnel files and interviews with staff, the center has not given each grant-funded employee a copy of the required prohibition statement and it has not established an ongoing drug-free awareness program. SHCIL is in compliance, however, with the requirements to publish a drug-free workplace statement and to take actions concerning employees who are convicted of violating drug statutes in the workplace.

Corrective Action: SHCIL must take corrective action to establish an ongoing drug-free awareness program, including a notification that employment at the CIL requires abiding by the statement and informing the director of any drug-related convictions.

SHCIL Response: We agree with the findings and will be developing a corrective action plan to address these items. We did conduct substance abuse training immediately after the RSA review.

V. TECHNICAL ASSISTANCE

In addition to the Findings and Recommendations outlined above, RSA makes the below suggestions for improving SHCIL operations and IL service delivery.

- SHCIL should improve its governing board's programmatic and fiscal oversight capacity by implementing a board training program that includes the IL philosophy, four core services, the standards and assurances; CIL bylaws, policies and procedures; board roles and responsibilities; and 704 Report requirements. In addition, the center should develop and implement a process for recruiting additional board members, including the identification of priority qualifications and areas of expertise.
- SHCIL should develop and implement policies and procedures to increase the confidentiality and the voluntary nature of consumers' feedback regarding the center's services, which is undermined by staff's current practice of regularly asking all their consumers to complete satisfaction surveys in their presence.
- SHCIL should consider ways to expand equal access to its programs and services by leveraging locally-available resources (e.g., deaf or Spanish-language interpreters from local colleges, universities or community organizations and/or by securing the communication resources in-house (e.g., video-conferencing services, picture boards, staff training).
- SHCIL should develop and implement procedures to safeguard consumers' privacy when meeting with IL advocates at the center. Currently, consumers meet in the advocates' open-air cubicles. The procedures may include identifying and designating suitable office space for confidential meetings with consumers.
- SHCIL should revise the Statement of Confidentiality to remove the current language suggesting that consumers are subject to "disciplinary action" for "any breach of confidentiality."