



CENTERS FOR INDEPENDENT LIVING
COMPLIANCE REVIEW REPORT

Access Center for Independent Living

Grant Award Number: H132A940013

Dayton, Ohio

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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 review of Access Center for Independent Living (ACIL) was conducted September 10–12, 2013. The program review covered the independent living (IL) operations and activities, and the financial review examined the center's participation in Title VII, Part C, of the Rehabilitation Act. RSA used the On-Site Review Guide (ORG) to conduct the on-site review. During the review, interviews were conducted with the center's management, staff, consumers, and members of the board of directors. In addition to the interviews, 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 verified compliance with standards and indicators. CSRs were selected for review on a random basis. The review team conducted an exit conference at the conclusion of the on-site review to provide feedback on initial impressions from the review.

The RSA review team included the following individuals:

- James Billy, RSA program specialist;
- Yavonka Archaga, nonfederal reviewer;

- Janet Cool, representative, designated state unit; and
- Kay Grier, representative, Statewide Independent Living Council.

III. MISSION AND DESCRIPTION

ACIL's mission is to empower people with disabilities to live independently and to ensure that people with disabilities have complete access to the communities in which they wish to live. ACIL serves four counties around Dayton, Ohio including: Montgomery, Greene, Clark, and Preble. ACIL was first awarded a RSA grant under Title VII, Chapter 1, Part C, of the Rehabilitation Act in 1990.

In addition to the four core services, ACIL provides the services described below.

- **HOME Choice:** ACIL is a provider of nursing home to community transition coordination services through the Ohio Department of Jobs and Family Services' HOME Choice Program. HOME Choice assists older adults and persons with disabilities to move from long-term services and support systems to home and community-based settings.
- **Recycled Equipment Donated for Independence (REDI):** ACIL accepts donations of used medical equipment that is no longer needed from a variety of sources such as private citizens, nursing homes, independent living facilities, rehabilitation facilities, etc. ACIL turns over ownership of useable equipment to individuals who are not eligible to obtain the equipment through Medicaid or Medicare, do not have insurance and cannot afford the equipment.
- **Think This Is Easy?:** ACIL provides Disability Awareness Training to interested community businesses and participants that allows them to experience a variety of situations designed to learn proper ways of approaching, assisting, and interacting with persons with disabilities. Participants are paired randomly in teams of two to three people. ACIL staff and volunteers, all of whom have disabilities, perform training activities. At the end of the training, participants share their experiences of the day, relating surprises, frustrations and realizations as a result of the training.

IV. ORGANIZATIONAL STRENGTHS AND EMERGING PRACTICES

- **Community Education:** ACIL periodically hosts "*Lunch and a Movie*" for consumers with disabilities during which it presents films depicting different facets of life with a disability followed by a discussion of the movie's points and highlights. This combination of entertainment and thought-provoking conversation assists individuals in gauging their own perceptions about disability as well as society's and assists in strategies for dealing with public perceptions.
- **Clock Hours:** ACIL is an approved provider of continuing education for the Counselor, Social Worker and Marriage and Family Therapist Board of Ohio. The Ohio Board of Nursing recognizes Social Work clock hours for nursing license renewal continuing

education hours as well. The recognition by these professional entities of the expertise of individuals with disabilities is unique and trend-setting.

V. OBSERVATIONS AND RECOMMENDATIONS

During its review activities, RSA provided technical assistance and made recommendations that ACIL may consider.

1. Board of Directors

Observation: ACIL does not have a fully functional board of directors and, at the time of the review, did not have a recruitment plan in place to expand the current two-member board. In its most recent 704 report, ACIL indicated that it had a four-member board. Additionally, ACIL has not conducted board training to assist the board in understanding its governance role in the center's operations.

Recommendation: RSA recommends that ACIL implement board training to ensure that the board of directors is fully informed and cognizant of its governance role and responsibilities. To increase the effectiveness of its board, ACIL should consider contacting locally available board training for non-profits. Additionally, while there is no requirement related to the number of individuals that must serve on the board, ACIL should consider increasing the number of board members to improve its functionality and bring it into alignment with its 704 report.

ACIL Response: ACIL agrees.

2. Serving Unserved and Underserved Populations

Observation: ACIL does not have a structured plan for conducting outreach activities and serving unserved and underserved populations, including minority groups and rural populations. Aside from a staff reported mandatory training on diversity in July, 2012, ACIL was unable to document that it has conducted training sufficient to equip staff with the necessary skills to effectively serve unserved and underserved populations.

Recommendation: RSA recommends that ACIL develop and implement a plan for conducting aggressive outreach to and serving unserved and underserved populations and provide training to staff on effective methods for outreach and service to these groups.

ACIL Response: ACIL agrees with the recommendation. (Please see Finding 8 regarding staff training)

3. Drug Free Workplace

Observation: During the on-site, ACIL leadership informed the review team that grant-funded employees have been provided with a copy of the prohibition statement, including a notification that conditions of employment at the CIL require abiding by the statement and informing the director of the CIL of any convictions under a drug statute. Although the executive director

shared the personnel manual with the review team, staff members that were interviewed indicated that they had not received the personnel policy manual and had not received the prohibition statement or any training on a drug-free environment. Furthermore, some staff indicated that some employees arrived at work appearing to be under the influence of a controlled substance and that this had not been addressed by the executive director.

Recommendation: RSA recommends that ACIL take the necessary steps to ensure that each employee receives the notification regarding the requirements of a drug and alcohol-free workplace and this should be documented. ACIL should establish an ongoing drug-free awareness program. A statement should be posted notifying employees that use of any controlled substance is prohibited at ACIL and that action will be taken against employees for violating the prohibition.

ACIL Response: ACIL partially agrees. We agree that an ongoing drug-free workplace program should be established including resources for treatment and that a prohibition notice that includes contact information for treatment resources should be posted in a common area.

We disagree that ACIL staff have not received a personnel manual (please see Finding 9) or the prohibition statement including a notification that conditions of employment at the CIL require abiding by the statement. Exhibit O.3 contains copies of Drug-Free Workplace notices signed by staff members employed at ACIL during the reviewed year.

RSA Response: RSA acknowledges the agency has provided signed statements establishing an on-going drug and alcohol-free workplace program. However, at the time of the review, signed statements were not provided to the review team.

VI. FINDINGS AND CORRECTIVE ACTIONS

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

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

Finding 1: 704 Report Accuracy and Documentation

Legal requirement:

- **34 CFR 366.50(h)** What assurances shall a center provide and comply with?

Finding: ACIL's 704 report contains inaccuracies and errors due to a lack of proper collection and documentation of program and fiscal data and information. A review of CSRs, consumer lists, physical files, the organizational charts for FY 2011 through 2013, and other available documentation revealed multiple discrepancies in the funding sources and amounts, IL services and goals, standards and assurances compliance, and other information in the most recent 704 report. In addition to deficient data to accurately measure program performance and compliance, ACIL demonstrated a lack of fiscal accountability producing no financial statements or reconciliation of accounts or grant accounting, as required by section 725(b)(c) of the Rehabilitation Act; 34 CFR 366.50(h)(i).

In the FY 2012 704 report, ACIL reported a total of 16 employees, two of whom were listed as being in decision-making positions. During the on-site review, ACIL indicated that it had 19 employees, one of whom was in a decision-making position and did not disclose a disability. According to information provided to the review team, there were five team leader positions. However, these were not identified as decision-making positions. Additionally, the assistant director position was not shown on the organizational chart even though this has been a paid position for over ten years. The assistant director indicated during interviews that he did not have any decision-making authority. The FY 2012 704 report also indicated that the ACIL board of directors had four members, all of whom were persons with disabilities. However, during the on-site review, only two members were identified board members, one of whom had a disability.

Corrective Action 1: Within 10 days of the issuance of the final report, ACIL must submit a written assurance that it will take corrective action to maintain adequate records to ensure proper documentation and accuracy of information reported on the annual 704 report as required in 34 CFR 366.50(h).

Technical Assistance: During the review, the team provided guidance and technical assistance on the requirements related to the accurate completion of the 704 report and referred ACIL to Independent Living Research Utilization (ILRU) for further technical assistance and training.

ACIL Response: ACIL partially agrees.

In the FY 2012 704 ACIL reported 16 FTE employees. During the on-site review staff was asked the number of employees and a number was given. Staff responded with an estimated number. Verification was not requested.

The ED has final decision making authority at the employee level. However, the assistant director makes decisions in the ED's absence and team leaders [all of whom have disabilities] had assignment and disciplinary authority. Further, the executive director did disclose disability during a meeting with reviewers September 12.

The finding states that ACIL's 704 report reported four board members, all of whom were persons with disabilities but that only two board members were identified board members during the on-site review and that only one had a disability. At the time of the on-site review ACIL had three board members, all of which have disabilities, but only two were able to be present during the on-site review.

RSA Response: RSA stands on this finding. In addition to that which the agency notes, the finding addresses 704 report accuracy and documentation which the agency does not dispute. This includes deficient data to accurately measure program performance and compliance, lack of fiscal accountability producing no financial statements or reconciliation of accounts or grant accounting. Please begin the corrective action listed above.

Finding 2: Consumer Service Records

Legal Requirements:

- **34 CFR 364.52(b)(1); 34 CFR 364.52(c)(1)** What are the requirements for an IL plan?
- **34 CFR 364.53** What records must be maintained for the individual?
- **34 CFR 366.63(c)(1)(i); 34 CFR 366.63(c)(2)(i)** What evidence must a center present to demonstrate that it is in minimum compliance with the evaluation standards?

Finding: ACIL does not maintain all CSRs in accordance with the requirements set forth in 34 CFR 364.53 and, therefore, cannot provide accurate evidence in its most recent annual performance report in accordance with 34 CFR 366.63(c)(1)(i) and (c)(2)(i). RSA reviewed a total of 40 CSRs, 25 active CSRs and 15 that were closed or inactive due to loss of contact with the consumer. Documentation deficiencies were identified in 35 CSRs. In some CSRs, Independent Living Plans (ILPs) did not indicate the goals or objectives established, the services to be provided and the anticipated duration of the services as required by 34 CFR 364.52(b)(1). Of the six CSRs reviewed that contained signed ILPs, five with identified IL goals contained no progress reports or documentation of the achievement of goals. Furthermore, CSRs did not contain documentation that ILPs were reviewed at least annually to determine whether services should be continued, modified or discontinued, or whether the individual should be referred to another program, including VR, as required in 34 CFR 364.52(c)(1). Twenty-nine CSRs contained signed waivers and did not identify consumers' IL goals or objectives.

Narrative entries either did not, or only minimally, reflected the extent to which the center's IL specialists facilitated the development and achievement of consumers' IL goals. Though the CSRs typically contained intake forms, correspondence, documentation from other agencies, and other information, it was difficult to determine from the CSR narrative entries what the center staff was doing to facilitate the consumers' goals and whether the goals had been completed. In the FY 2012 704 report, ACIL reported a significant number of waivers (256) compared to ILPs (86). Based upon the sample of CSRs reviewed that contained waivers and did not identify IL goals and objectives, it would be difficult to track goals and services for a significant number of persons with disabilities seeking ACIL services.

Corrective Action 2: ACIL must take the necessary steps to ensure that it maintains all consumer service records (CSRs) in accordance with the requirements set forth in 34 CFR 364.53 and provides accurate evidence as required in 34 CFR 366.63(c)(1)(i) and (c)(2)(i) in its annual report; and that requirements for the IL plan at 34 CFR 364.52(b)(1) and (c)(1) are met.

Technical Assistance: The review team noted that ACIL staff varied in its ability to write well-constructed consumer goals on the ILP, often listing services in the goals section of the plan instead of independent living outcomes or improvements in significant life areas. While onsite, the review team provided ACIL with technical assistance in this area and referred ACIL to additional resources. Additionally, the review team suggested that ACIL provide staff training on the implementation of its procedures and guidance as well as federal requirements related to management of the CSRs. Finally, the review team emphasized the value of the IL specialists documenting the contributions that they are making to the achievement of consumers' independent living and community integration goals in supporting the center's mission and in accurately completing the annual report to RSA. As a training resource, ACIL should consider having IL specialists enroll in the on-line training on CSR documentation provided by RSA's training and technical assistance provider, ILRU. This is a self-paced on-line tutorial designed to instruct CIL staff on required documentation of CSRs.

ACIL Response: ACIL partially agrees. During the on-site, reviewers discussed ACIL's ILP and Waiver documents with IL staff. It was pointed out that signatures had been obtained acknowledging rights, Release of Information, agreeing to the development of an ILP or waiving their right to develop an ILP, etc. Individual goals are developed and a summary of goals is included. The summary of goals contained the consumer's signature and not the individual goals themselves.

ACIL disagrees that no progress reports or documentation of the achievement of goals existed. Narrative entries reflecting the extent to which the center's IL specialists facilitated the development and achievement of a consumer's IL goals are maintained in ACIL's data management system - NetCIL. Exhibit 2.1 provides case notes from 4 individuals, picked randomly, who had an ILP or Waiver active during the period reviewed. Reviewers did not review electronic data during the on-site review. Every CSR reviewed contained a sheet referring to NetCIL data for "Referrals" (incoming calls) and "Notes" (progress notes) that included the start date of the referrals and notes contained in NetCIL. Exhibit 2.2 contains the sheets corresponding to the individuals included in Exhibit 2.1.

ACIL's 704 consumer data (Subparts II and III) is generated by NetCIL from the data collected in NetCIL.

RSA Response: RSA stands on this finding because at the time of the review, requested documentation was not provided to the review team. Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

Finding 3: CIL Employees in Decision-Making Positions

Legal Requirement:

- **34 CFR 366.63(a)(1)(i)(B)(1)** What evidence must a center present to demonstrate that it is in minimum compliance with the evaluation standards?

Finding: Individuals with disabilities do not constitute more than 50 percent of ACIL’s employees in decision-making positions as required in federal regulation at 34 CFR 366.63(a)(1)(i)(B)(1).

The review team was informed during the on-site review that the center had 19 employees, only one of whom was in a decision-making position. That individual did not disclose a disability. On the FY 2012 704 report, ACIL reported having a total of 16 employees, two of whom were listed as individuals with disabilities in decision-making positions. In addition to these discrepancies, the organizational charts did not reflect the assistant director position, which is held by an individual with a disability. However, when interviewed, this individual indicated that he was not in a decision-making position. Interviews with line staff and the executive director confirmed that the sole decision-making position was that of the executive director. Based upon the information provided, ACIL is not in compliance with the evaluation standard related to consumer control.

Corrective Action 3: ACIL must take corrective action to initiate steps to ensure that individuals with disabilities constitute more than 50 percent of ACIL employees in decision-making positions as required in 34 CFR 366.63(a)(1)(i)(B)(1).

Technical Assistance: The review team provided ACIL with background information related to the philosophy of independent living and the need to ensure the consumer control of CIL activities.

ACIL Response: ACIL disagrees. The executive director disclosed his disability to the reviewers on September 12th. The assistant director acts in decision making in the absence of the executive director.

RSA Response: RSA stands on this finding. During the review the executive director neither denied nor admitted to having a disability; the organizational chart provided at the time of the review did not list the executive director as a person with a disability; when asked who in decision making positions people with a disability are, the executive director never responded directly and avoided the question. Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

Finding 4: Three-Year Program and Financial Planning Objectives

Legal Requirement:

- **34 CFR 366.50(d)** What assurances shall a center provide and comply with?

Finding: ACIL has not established three-year program and financial planning objectives for the center as required by 34 CFR 366.50(d). ACIL indicated during the review that, although it had submitted information in its annual 704 report for achieving the delivery of IL core services, it had not developed three-year program and financial planning objectives for the center that specifically relate to the service priorities and types of services to be provided in meeting the center’s overall goals and mission.

Corrective Action 4: In accordance with 34 CFR 366.50(d), ACIL must establish three-year program and financial planning objectives that reflect its goals and mission, and a work plan for achieving the goals and objectives that includes the specific services, priorities and types of services to be provided consistent with the current SPIL.

Technical Assistance: RSA provided ACIL with information related to the components of a work plan and steps that could assist the center in the development of the three-year program and financial planning objectives. In addition, ACIL was referred to ILRU for additional assistance.

ACIL Response: ACIL partially agrees. A 3 year financial plan was not developed for the year reviewed. This was the only plan that was requested by the review team on site.

We disagree that there was no 3 year work plan developed. ACIL annually develops or updates its current 3 year work plan. Work plans are based upon the current SPIL and additional goals and activities are added in response to local or statewide issues. Exhibit 4.1 provides the work plan in effect for the year reviewed.

RSA Response: RSA stands on this finding. Requested documents must be presented at the time of the review. Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

Finding 5: Financial and Program Management System

Legal Requirements:

- **34 CFR 364.4(b)** What definitions apply?
- **EDGAR 34 CFR 74.20** Purpose of financial and program management.

Finding: ACIL does not meet all prescribed standards for financial and program management systems, methods for making payments, and rules described in 34 CFR 74.20, and sections 74.21 through 74.28. ACIL cannot demonstrate 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 in accordance with 34 CFR 74.21(b)(3). The review team encountered multiple examples of ACIL's lack of adherence to prescribed standards for program and financial management as described below.

ACIL's executive director reported that he is responsible for the maintenance of all financial records and reporting. However, ACIL has not submitted its Internal Revenue Service (IRS) 990 forms since 2010, resulting in the temporary revocation of its 501(c)(3) non-profit status. As a result, for a period of time during FY 2013, ACIL did not meet the definition of eligible agency as defined in 34 CFR 364.4(b). While ACIL's non-profit status was reinstated later in FY 2013, it is continuing to deal with the penalties and repayment associated with its failure to submit the required forms to the IRS in light of the fact it cannot use federal funds to pay such penalties.

ACIL's executive director approves all purchases, writes checks, has sole access to the accounting system, and maintains all financial records. There is no separation of responsibility for the authorization for purchasing and subsequent payment. Although ACIL has a policy requiring checks over a thousand dollars to be countersigned, there is no evidence that this practice is implemented. ACIL was unable to provide the review team with bank statements, bank reconciliations, and balance sheet activities that include current or long-term liabilities or month-end activities.

ACIL does not have any individual or a group of individuals exercising the responsibility of oversight of property and other assets. There are no apparent safeguards against loss, damage or theft of property. Although there are written policies, there is not a designated staff person assigned to oversee the disposal of inventory or the adjustment to inventory.

During the review, ACIL did not provide documentation to support drawdowns from the G5 system as required. Since the review, ACIL was placed on reimbursement at the beginning FY 2014. The review team was unable to verify that the funds that were drawn down were in accordance with allowable expenses. In addition, ACIL was unable to provide required written financial policies and procedures that contain provisions to minimize the time elapsing between the transfer of funds and their expenditure by the CIL in accordance with 34 CFR 74.21(b)(5) and 74.22(b)(1).

ACIL did not provide the review team with a current cost allocation plan. Furthermore, the review team was unable to determine sources, if any, of program income and how program income was applied. The executive director maintains sole control and responsibility over financial activities and was unable to provide documentation related to how costs are allocated or how program income is generated or expended.

Expenses charged to the grant were not based upon an approved budget by the board of directors and consequently, the board was not authorizing budget revisions. The board exercised no oversight of expenditures and the application of policy. The application of policies related to travel, procurement, payments, and property was inconsistent and the allowability of certain costs cannot be determined.

As evidenced in the examples cited above, ACIL is not in compliance with 34 CFR 74.20 through 74.28.

Corrective Action 5: ACIL must take corrective action to meet all prescribed standards for program and financial management systems contained in 34 CFR 74.20 and sections 74.21 through 74.28, and ensure the development and implementation of policies and practices that ensure effective control over and accountability for funds, property and other assets to assure that these are being used solely for authorized purposes.

Technical Assistance: The review team provided guidance and technical assistance related to applicable EDGAR regulations during the review and referred ACIL to ILRU for further technical assistance and training related to program and financial management.

ACIL Response: ACIL agrees that sufficient documentation to demonstrate proper use and accountability of grant funds was not maintained during the year reviewed.

RSA Response: Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

Finding 6: Cost Allocation Plan

Legal Requirements:

- **EDGAR 34 CFR 74.27(a)** Allowable costs.
- **EDGAR 34 CFR 75.560(a)** General indirect cost rates; exceptions.

Finding: ACIL does not have an approved cost allocation plan and is not in compliance with EDGAR 34 CFR 75.560(b) and 34 CFR 74.27 because it is allocating costs to its IL Part C grant without benefit of the required cost allocation plan. There are expenses charged to the grant that do not appear on ACIL's existing budget. Therefore, they cannot be determined as allowable and allocable to the grant.

Corrective Action 6: ACIL must prepare a cost allocation plan meeting federal requirements at OMB Circular A-122 (2 CFR 230) and submit that plan for approval to the U.S. Department of Education's Indirect Cost Group within three months of the issuance of the final report.

Technical Assistance: RSA provided no technical assistance on-site. Referral was made to the U.S. Department of Education's Indirect Cost Group.

ACIL Response: ACIL agrees that it did not have an approved Cost Allocation Plan for the project year approved.

RSA Response: Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

Finding 7: Personnel Activity Reports

Legal Requirement:

- **Federal Cost Principles at 2 CFR 230 Appendix B, Item 8(m)** Support of salaries and wages.

Finding: ACIL does not maintain adequate reports reflecting the distribution of activities of all staff members whose compensation is charged in whole or in part to the award. Salaries and wages are charged to the grant award without adequate supporting activity reports as described in 2 CFR 230 Appendix B, Item 8(m)(2). Personnel activity reports do not consistently reflect an after-the-fact determination of the actual activity of each employee; are not consistently signed by the individual employee or the responsible supervisory official having first-hand knowledge of the activities performed by the employee; and are not prepared at least monthly.

Corrective Action 7: ACIL must ensure that personnel activity reports are accurately completed and documented in compliance with the requirements at 2 CFR 230 Appendix B, Item 8(m).

Technical Assistance: RSA provided referral to the Cost Principles for Non-Profit Organizations with specific reference to applicable sections in Appendix B.

ACIL Response: ACIL agrees that staff timesheets for the period reviewed did not fully meet the requirements of 2 CFR 230 Appendix B, Item 8(m).

RSA Response: Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

Finding 8: Staff Training and Development

Legal Requirement:

- **34 CFR 364.24** What assurances are required for staff development?

Finding: ACIL has not established and maintained a program of staff development for all classes of positions involved in providing IL services consistent with the requirements at 34 CFR 364.24. Other than a reported training on diversity in July, 2012, there was no documentation of training and staff development, nor was a plan provided for such training. Additionally, ACIL has not developed and implemented training to assist the board of directors in its role in providing governance of the center. Without a training and staff development plan in place, ACIL has not identified staff development needs and has provided limited training opportunities that are not strategically aligned with increasing or improving staff skills in targeted areas.

Corrective Action 8: ACIL must take the necessary steps to develop and implement a staff training and development plan consistent with the requirements in 34 CFR 364.24.

Technical Assistance: As part of its training and development process, RSA made a referral for the center board and executive director to the training and technical assistance resources offered by ILRU.

ACIL Response: ACIL partially agrees. ACIL agrees that it has not developed an annual, formalized plan for staff training for the period under review. Training needs are identified and addressed during the year and recommendations for specific staff training are included in staff members' individual performance evaluation. ACIL utilizes training opportunities within the community with organizations for whom ACIL has made presentations regarding ACIL services or related topics as well as ILRU webinars as they become available and/or identified as a need (e.g. Getting to the Core of It, CSR training and goal development)

We disagree that a diversity training in July was the only training staff received. Exhibit 8.1 includes a list of trainings during the year reviewed and a sampling of sign-in sheets for a

number of workshops and trainings. Documentation of these trainings was offered to reviewers during the on-site review but was declined.

In addition training suggestions are made during employee performance reviews. Exhibit 8.2 includes several performance evaluations that include training recommendations.

RSA Response: RSA stands on this finding. Requested documentation must be provided at the time of the review. Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

Finding 9: Organizational and Personnel Practices

Legal Requirement:

- **34 CFR 366.50(e)** What assurances shall a center provide and comply with?

Finding: ACIL does not use sound organizational and personnel assignment practices as required in regulations at 34 CFR 366.50(e). The organizational chart contained in the personnel policy manual (New Digs...New Gigs, 2009) did not include the assistant director position or the team leader positions as reflected on the ACIL website. Additionally, the line of authority designated in the policy manual shows the board of directors, which hires the executive director to manage the day-to-day operations of the center implementing policies approved by the board. This line of authority does not exist in practice because of the non-functioning board. All staff members report directly to the executive director who maintains all supervisory authority.

Interviews with staff indicated that performance appraisals are sporadic and not aligned with job duties or responsibilities. There was no documentation that staff had been provided copies of the personnel policy manual as required, and actual pay rates varied from those documented in personnel files.

Corrective Action 9: ACIL must take the necessary steps to implement sound organizational and personnel assignment practices as required in regulations at 34 CFR 366.50(e). In addition, ACIL must document and ensure that all employees receive up-to-date personnel policies, and that personnel records accurately reflect job descriptions, wages, promotions, performance appraisals, etc.

Technical Assistance: ACIL was referred to ILRU for further technical assistance and training.

ACIL Response: ACIL partially agrees. We agree that the Organization chart was outdated. We further agree that grant funded staff performance appraisals were at times sporadic during the period reviewed. Grant funded staff performance is now reviewed on an annual basis on or about their anniversary date

We disagree that there was no documentation that staff had been provided copies of the personnel policy manual. Exhibit 9.1 contains personnel policy receipt acknowledgement forms for all personnel.

RSA Response: RSA stands on this finding. Requested documentation must be provided at the time of the review. Please begin the corrective action listed above or provide evidence to support the corrective action has been completed.

VII. TECHNICAL ASSISTANCE

While onsite, RSA provided technical assistance to ACIL in the following areas:

- strategies to establish a fully functioning board of directors;
- putting into place the necessary internal controls and oversight, including policies related to segregation of duties, to safeguard against potential conflicts of interest between or among ACIL staff;
- strategies to address the provision of training for staff and volunteers, specifically the need to develop procedures for training requests, the need for documenting training participation and attendance, and the identification of training needs (e.g.. training related to serving unserved and underserved individuals);
- drug-free workplace and substance abuse policy, and the development and implementation of an ongoing drug-free workplace notification process for grant-funded employees;
- reimbursement policy for cellular telephone usage by the executive director;
- the need to develop written procedures to minimize the time between the transfer of funds and disbursement of funds;
- financial management including segregation of purchasing duties, and the countersigning of checks, particularly those made out to the executive director for reimbursement and petty cash;
- the development and implementation of an effective inventory control policy;
- ensuring that existing written policies and procedures are routinely implemented by staff;
- the development and implementation of financial management systems and internal controls consistent with the Education Department General Administrative Regulations and OMB Circular A-122;
- developing policies regarding the timely submission of past and current 990 tax forms to the IRS; and
- the development and implementation of strategies and actions for paying back taxes and penalties than cannot be paid with federal funds.

Appendix A: Legal Requirements

This Appendix contains the full text of each legal requirement cited in Section VI of this report.

Rehabilitation Act of 1973, as amended

IL Program Regulations

34 CFR 364.4(b) What definitions apply?

Eligible *agency* means a consumer-controlled, community-based, cross-disability, nonresidential, private, non-profit agency.

34 CFR 364.24 What assurances are required for staff development?

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

34 CFR 364.52(b)(1) What are the requirements for an IL plan?

Initiation and development of an IL plan. (1) Development of an individual's IL plan must be initiated after documentation of eligibility under § 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.

34 CFR 364.52(c)(1) What are the requirements for an IL plan?

The IL plan must be reviewed as often as necessary but at least on an annual basis to determine whether services should be continued, modified, or discontinued, or whether the individual should be referred to a program of VR services under 34 CFR part 361 or to any other program of assistance.

34 CFR 364.53 What records must be maintained for the individual?

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 366.50(d) What assurances shall a center provide and comply with?

To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that—

(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; and

(3) A description that demonstrates how the proposed activities of the applicant are consistent with the most recent three-year State plan under section 704 of the Act.

34 CFR 366.50(e) What assurances shall a center provide and comply with?

To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that--

(a) 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;

34 CFR 366.50(h) What assurances shall a center provide and comply with?

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--

(1) The extent to which the center is in compliance with the standards in section 725(b) of the Act and Subpart G of this part. . . ;

(2) The number and types of individuals with significant disabilities receiving services through the center;

(3) The types of services provided through the center and the number of individuals with significant disabilities receiving each type of service;

(4) The sources and amounts of funding for the operation of the center;

(5) The number of individuals with significant disabilities who are employed by, and the number who are in management and decision-making positions in, the center;

(6) The number of individuals from minority populations who are employed by, and the number who are in management and decision-making positions in, the center; and

(7) A comparison, if appropriate, of the activities of the center in prior years with the activities of the center in most recent years;

34 CFR 366.63(c)(1)(i) What evidence must a center present to demonstrate that it is in minimum compliance with the evaluation standards?

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

34 CFR 366.63(c)(2)(i) What evidence must a center present to demonstrate that it is in minimum compliance with the evaluation standards?

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

34 CFR 366.63(a)(1)(i)(B)(1) What evidence must a center present to demonstrate that it is in minimum compliance with the evaluation standards?

Individuals with disabilities constitute more than 50 percent of the center's—(1) Employees in decision-making positions.

Education Department General Administrative Regulations (EDGAR)

EDGAR 34 CFR 74.20 Purpose of financial and program management.

Financial and Program Management System Section 74.21 through 74.28 prescribe standards for financial management systems, methods for making payments and rules for—

- (a) Satisfying cost sharing and matching requirements;
- (b) Accounting for program income;
- (c) Approving budget revisions;
- (d) Making audits;
- (e) Determining allowability of cost; and
- (f) Establishing fund availability.

EDGAR 34 CFR 74.27(a) Allowable costs.

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.

EDGAR 34 CFR 75.560(a) General indirect cost rates; exceptions.

(g) 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;
- (h) 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.

Federal Cost Principles at 2 CFR 230 Appendix B, Item 8(m) Support of salaries and wages.

(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 8.m.(2) of this appendix, except when a substitute system has been approved in writing by the cognizant agency. (See subparagraph E.2 of Appendix A to this part.)

(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:

(b) 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.

(c) 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.

(d) The reports must be signed by the individual employee, or by a responsible supervisory official having first hand 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.

(e) The reports must be prepared at least monthly and must coincide with one or more pay periods.