



CENTERS FOR INDEPENDENT LIVING COMPLIANCE REVIEW REPORT

Jackson Center for Independent Living

Grant Award Number: H132A010057

REVIEW DATES:

Draft Report: February 13, 2013
CIL Response: February 25, 2013
Final Report: February 28, 2013

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 the Jackson Center for Independent Living (JCIL) was conducted October 24-27, 2012. The program review covered the independent living (IL) operations and activities of the center 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 review to provide feedback on initial impressions from the review.

The RSA review team included the following individuals:

- Deborah Cotter, RSA program specialist;
- Judith Barrett, nonfederal reviewer;

- Samuel Cole, representative, designated state unit; and
- Robert Leonard, representative, Statewide Independent Living Council of Tennessee.

III. MISSION AND DESCRIPTION

JCIL's mission is to empower people with disabilities to live independently. JCIL's goals are to enable persons with disabilities to achieve maximum independence and fully participate in all aspects of community life. The center serves Madison, Gibson, Haywood, Hardeman, and Henderson counties. JCIL was first awarded an RSA grant under Title VII, Chapter 1, Part C, of the Rehabilitation Act in 1996.

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

- **Deaf and Hard of Hearing Services:** This program provides interpreters on a fee-for-service basis, conducts American Sign Language (ASL) classes, offers peer counseling, provides technical assistance, conducts advocacy and outreach activities, and organizes public education activities.
- **Home Modification:** JCIL, in collaboration with the local Jackson Housing Authority in the Community Development Block Grant program, provides home modifications to eligible consumers.
- **Equipment Loaner Program:** Through this program, JCIL maintains a small collection of computers, wheelchairs, and medical equipment which is loaned free of charge to community members as needed. Consumers return items for re-use by other consumers.

IV. ORGANIZATIONAL STRENGTHS AND EMERGING PRACTICES

- **Board Community Outreach:** All staff and board members are actively engaged in community outreach, serving on numerous cross-disability and disability-specific groups, and human services organizations. These efforts to become embedded in the community afford JCIL staff and board members the many opportunities to highlight JCIL's services. Board members are professionally engaged with radio stations and other media outlets and offer their expertise to JCIL. For example, two dozen people with marketing experience, served on an all-volunteer marketing committee to develop marketing materials such as videos on the JCIL web site, brochures, and other materials. As a result, the majority of consumers interviewed reported that they learned about the center by word of mouth, radio, and/or from the Internet.
- **Designated Polling Place:** JCIL has served as an official polling place for the past several years offering accessible voting to persons with disabilities. Doing so exposed many community members to the center's programs and services. This practice not only highlights how to meet the accessibility needs of voters with disabilities in polling places, but also the center's services and role in the community.
- **Collaboration with Federal Emergency Management Agency (FEMA):** JCIL serves as an official FEMA disaster relief site where staff worked with FEMA to meet the needs of consumers during recent floods. FEMA partners reported that JCIL staff and consumers continue to train them on accessibility for consumers, particularly with a

better understanding of deaf culture before a disaster occurs so that first responders are better prepared serve the community.

- **Staff Cross-Training:** Following the loss of its long-time executive director, who not only maintained office passcodes and keys but also much of the institutional knowledge of the center's then-informal policies and procedures, JCIL staff took action to cross-train and work collaboratively to ensure that services and office functions continue if someone is not in the office. For example, management staff can conduct intake with new consumers if an IL Specialist is unavailable. Furthermore, management staff shares information about how to access and/or perform key office administrative functions. As a result of these actions, the center is better prepared to continue operations when it loses key staff.

V. OBSERVATIONS AND TECHNICAL ASSISTANCE

During its review activities, RSA did not identify any observations, but members of the Review Team discussed technical assistance needs of the center related to term limits for board members, given that one member has served over 20 years. In addition, the team provided technical assistance about balancing issues such as maintaining institutional knowledge and board continuity versus developing a leadership pipeline for center consumers and/or stakeholders to serve.

VI. FINDINGS AND CORRECTIVE ACTIONS

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

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

Finding 1: Cost Allocation

Legal Requirement:

The Education Department General Administrative Regulations (EDGAR) in 34 CFR 74.27 provide that the allow ability of costs is determined in accordance with the cost principles applicable to the entity incurring the costs.

EDGAR 76.560 addresses general indirect cost rates exceptions; EDGAR 76.561 deals with approval of indirect cost rates; EDGAR 76.563 outlines the programs covered by restricted indirect cost rate requirements; and EDGAR 76.564 addresses restricted indirect cost rate formula.

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

Finding: Consistent with federal requirements cited above, JCIL is required to allocate costs in accordance with an approved cost allocation plan or indirect cost rate. JCIL does not have a U.S. Department of Education-approved cost allocation plan. The center does allocate costs and maintains separate bank accounts for each funding source. In addition, no indirect costs appear to be charged to the Part C award. However, RSA confirmed with the Department’s Indirect Cost Group that that JCIL does not have an approved cost allocation plan or indirect cost rate in accordance with OMB Circular A-122, as required. Therefore, JCIL is not in compliance with this federal requirement.

Corrective Action: JCIL must take corrective action to submit a cost allocation plan or indirect cost rate proposal for approval to the U.S. Department of Education’s Indirect Cost Group, at mary.gougisha@ed.gov, within three months (90 days) of the issuance of the final report and then charge costs consistent with the approved cost allocation plan or indirect cost rate.

Technical Assistance: The RSA Commissioner Memorandum of May 2004 clarifies the requirements for allocating indirect costs to federal grant awards received by CILs, particularly with respect to awards received under Title VII, Part C, of the Rehabilitation Act. As technical assistance, a copy of the Commissioner Memorandum is included at the end of this draft report.

RSA provided JCIL the contact information for the U.S. Department of Education Office of the Chief Financial Officer, the office responsible for receiving and approving indirect cost rates and cost allocation plans. Additional information is available online at: <http://www2.ed.gov/about/offices/list/ocfo/fipao/icgreps.html> .

JCIL Response: JCIL is in agreement with this finding and will submit a Cost Allocation Plan as required by RSA within 90 days of this issuance of the final report. JCIL is currently gathering information and working with our auditors to prepare the Cost Allocation Plan for submission.

RSA Determination: RSA agrees with this corrective action.

Finding 2: Consumer Service Record Documentation and Annual Performance Report

Legal Requirement:

34 CFR 364.53 For each applicant for IL services (other than information and referral) and for each individual receiving IL services (other than information and referral), the service provider shall maintain a CSR that includes: (a) documentation concerning eligibility or ineligibility for services; ... (c) either the IL plan developed with the consumer or a waiver signed by the

consumer stating that an IL plan is unnecessary; ... (e) the IL goals or objectives established with the consumer, whether or not in the consumer's IL plan, and achieved by the consumer.

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

34 CFR 366.50(h) and (i). To be eligible for assistance under this part, an eligible agency shall provide satisfactory assurances that (h) the applicant will conduct an annual self-evaluation, prepare an annual performance report, and maintain records adequate to measure performance with respect to the standards in subpart G; (i) The annual performance report and the records of the center's performance required by paragraph (h) of this section must each contain information regarding, at a minimum

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

Finding: JCIL is required to maintain CSRs in accordance with the federal requirements cited above. JCIL is not in compliance with the requirements at 34 CFR 364.53(a) as documented above because its CSRs lacked the required documentation, including:

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

RSA randomly selected and reviewed 20 consumer service records (CSRs) at JCIL. Of the 20 CSRs reviewed:

- Three did not include a signed ILP or waiver.
- Four included an ILP that was signed only by the consumer or a staff member, but not both consumer and staff.
- Five of the hard copy files that were compared with the electronic records in JCIL were inconsistent or contained service notes in the goals section.
- Seven did not indicate the goals that were achieved.

As a result, CSR data entered into the Annual Performance Report is not accurate. While it was clear from consumer, staff, and stakeholder interviews, that JCIL is providing the required IL four core services, the Review Team found that it has not documented or taken credit for all the services it provides.

Corrective Action: CIL must take corrective action to:

- 2.1 ensure that it consistently documents consumers' eligibility or ineligibility, ILPs or waivers, and IL goals achieved; and

2.2 develop and implement procedures to document the information from CSRs and other sources used to prepare their 704 Reports so that RSA can validate the accuracy of the center's 704 Report data and its compliance with the CIL program's assurances and evaluation standards, including the compliance indicators in 34 CFR 366.63.

Technical Assistance: RSA provided technical assistance to JCIL staff on CSR management, including meeting with staff to review CSR requirements and issues with some of the CSRs reviewed. RSA also provided guidance on the difference between a goal versus a service. The latter is the means of attaining a goal. RSA informed staff of the online CSR tutorial offered by Independent Living Resource Utilization (ILRU) located on their website at: <http://ilru.org/html/training/rapidCourses/index.html>. This module covers the fundamental federal requirements related to CSRs and Independent Living Plans (ILPs). Specifically, the tutorial covers record keeping and reporting, the importance of CSRs in meeting the reporting requirements for the annual federal 704 report of services and activities, and useful practices for gathering consumer information, developing ILPs, and maintaining complete and accurate records. The primary audience is front line workers in CILs and it is designed to be used in orientation and training for new CIL staff and as a refresher for existing staff.

JCIL Response: JCIL has already begun a review and revision of our service policies and procedures in response to the technical assistance provided during our on-site review.

All staff will be required to complete the on-line CSR tutorial offered by Independent Living Resource Utilization by May 15, 2013. In addition staff will also be required to attend the March and April staff meetings devoted to the service policy and procedure changes with emphasis on proper documentation and consistency in record keeping.

To confirm compliance and assure quality control the Independent Living Specialist Coordinator will cross check all new CSR opened each month. They will also cross check Independence On Line to ensure documentation has been entered in the proper category.

Management will spot check files monthly to ensure that all CSR's have been signed and properly documented.

All new hires will be required to participate in the ILRU training. Current staff will be required to complete at least 2 training per year that focus on CSR development or documentation.

RSA Determination: RSA agrees with this corrective action.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

REHABILITATION SERVICES ADMINISTRATION

Washington, D.C. 20202-2800

Center for Independent Living (CIL)

On-Site Review Instrument

Fiscal Year: 2013

Name of Grantee: Jackson Center for Independent Living (JCIL)

Grant #: H132A010057

State: Tennessee

Rehabilitation Act of 1973, as amended

Title VII, Chapter I, Sections 706 and 722 – CIL Program

Part I

STANDARDS, INDICATORS AND ASSURANCES FOR CILS

The following questions are based on the CIL standards, indicators and assurances as required in Title VII of the Rehabilitation Act and the corresponding regulations. Unless otherwise noted, a “no” response indicates that the CIL did not demonstrate minimum compliance with the corresponding standard, indicator or assurance. A “no” response will be the basis for a corresponding finding in the report. The term *recommended practice* denotes a practice that, although not explicitly required by federal law or regulations, would, if followed, further the purpose of the independent living (IL) program.

I. Grantee is an Eligible Agency

Section 725(c)(1) of the Rehabilitation Act; 34 CFR 364.4(b)

Yes The CIL meets the definition of eligible agency as defined in the statute and regulations.

Verification Source: IRS 990; articles of incorporation; interviews with consumers, board, and staff, review of documents; observation by review team; and 704 Report data and consumer service records

II. Standards and Indicators

Section 725(b) and (c)(3) of the Rehabilitation Act; 34 CFR Part 366, Subpart G; 704 Report, Part II

The purpose of this subpart is to measure the extent to which the CIL is in compliance with the standards and assurances in Section 725(b) and (c) of the act.

Compliance Indicator I – Philosophy

Section 725(b)(1) of the Rehabilitation Act; 34 CFR 366.63(a)

Consumer Control

Sections 702(2), 725(b)(1)(A) and 725(c)(2) of the Rehabilitation Act; 34 CFR 366.63(a)(1)

(a) Governing Board

Sections 725(b)(1)(A) and 725(c)(2) of the Rehabilitation Act; 34 CFR 366.50(b) and 366.63(a)(1)(i)(A)

Verification of Consumer Control

 10 Number of persons on the governing board.

 8 Number of governing board members with significant disabilities.

Yes Is line (ii) over 50 percent of line (i)?

Recommended Practice:

3 Number of members from minority groups on the governing board.

Yes Verification that the CIL Board is the Principal Decision-Making Body
The CIL board is the principal governing body of the CIL, as evidenced, for example, by its bylaws, policies and procedures, and other practices ensuring that policy decisions are vested with the governing body.

Recommended Practices:

Yes The CIL has policies and procedures specifying board members’ roles and responsibilities.

No The CIL has a written process for identifying and recruiting board members.

Verification Sources for Governing board: bylaws, policies and procedures, and interviews with the Board and Management staff.

(b) CIL Employees

Sections 725(b)(1)(A) and 725(c)(6) of the act; 34 CFR 366.63(a)(1)(i)(B)

| <u>CIL Employees</u> | <u>Total Persons</u> | <u>Persons with Disabilities</u> |
|---------------------------|----------------------|----------------------------------|
| Decision-making positions | <u>3</u> | <u>3</u> |
| Other staff positions | <u>9</u> | <u>5</u> |

Yes Over 50 percent of the CIL’s employees in decision-making positions are filled by individuals with disabilities.

Yes Over 50 percent of staff positions are filled by individuals with disabilities.

Recommended Practice:

2 Number of minority¹ employees (decision-making and other staff positions)

Verification Sources for CIL Employees: Staff roster, interviews with staff, and observation by review team.

Self-help and Self-advocacy

Section 725(b)(1)(B) of the Rehabilitation Act; 34 CFR 366.63(a)(2)

Yes The CIL promotes self-help and self-advocacy among individuals with significant disabilities.

¹ In this instance, “minority” refers to members of racial or ethnic groups that have been traditionally underrepresented.

Verification Sources for Self-help and Self-advocacy: Interviews with consumers, Board, staff, and community stakeholders.

Development of Peer Relationships and Peer Role Models

Section 725(b)(1)(C) of the Rehabilitation Act; 34 CFR 366.63(a)(3)

Yes The CIL promotes the development of peer relationships and peer role models among individuals with significant disabilities.

Verification Sources for Development of Peer Relationships and Peer Role Models: Interviews with consumers, board, and staff; and review of Consumer Service Records (CSRs).

Equal Access

Section 725(b)(1)(D) of the Rehabilitation Act; 34 CFR 364.23(b) and 366.63(a)(4)(5)

Yes Ensures equal access of individuals with significant disabilities, including communication and physical access, to the CIL's services, programs, activities, resources and facilities, whether publicly or privately funded.
Equal access, for purpose of this question, means that the same access is provided to any individual with a significant disability regardless of the individual's type of disability.

Yes Advocates for and conducts activities that promote the equal access to all services, programs, activities, resources and facilities in society, whether public or private, and regardless of funding source, for individuals with significant disabilities.
Equal access, for the purposes of this question, means that the same access provided to individuals without disabilities is provided in the center's service area to individuals with significant disabilities.

Yes To the maximum extent feasible, makes available personnel able to communicate with individuals with significant disabilities who rely on alternative modes of communication (manual communication, nonverbal communication, Braille, audiotapes, etc.) and who apply for or receive IL services.

Yes To the maximum extent feasible, makes available personnel able to communicate in the native languages of individuals with significant disabilities whose English proficiency is limited and who apply for or receive IL services.

Yes Makes available in alternate formats, as appropriate, all of its written policies, materials and IL services (e.g., Braille, large print, audio tape).

Yes The CIL is physically accessible for individuals with significant disabilities, for example, individuals with mobility disabilities (e.g., signage, doors, bathrooms, parking lots) or individuals with Environmental Illness and Multiple Chemical Sensitivity (e.g., no-fragrance policy or use of "green" cleaners).

Yes The CIL ensures communication access for individuals with significant disabilities by using, for example, TDDs/TTYs for individuals with hearing disabilities or picture boards and/or other means of communication for individuals with cognitive disabilities.

| Types of reasonable accommodation: | Full-time | Part-time | Upon Request |
|-----------------------------------------------|-----------|-----------|--------------|
| Interpreters are available at the CIL. | _____ | _____ | <u> X </u> |
| Readers are available at the CIL. | _____ | _____ | <u> X </u> |
| Personal attendants are available at the CIL. | _____ | _____ | <u> X </u> |

Verification Sources for Equal Access: Interviews with consumers, Board, and staff, and review of documents.

**Compliance Indicator 2- Provision of Services on a Cross- Disability Basis
Section 725(b)(2) of the Rehabilitation Act; 34 CFR 366.63(b)**

Yes Provides IL services to eligible individuals or groups of individuals without restrictions based on the particular type or types of significant disability of an individual or groups of individuals, unless the restricted IL service (other than the IL core services) is unique to the significant disability of the individuals to be served, e.g., Braille instruction for persons who are blind.

Yes Provides IL core services to individuals with significant disabilities in a manner that is neither targeted nor limited to a particular type of significant disability.

Yes Provides IL services to individuals with a diversity of significant disabilities and individuals who are members of populations that are unserved or underserved by programs under Title VII of the act.

Verification Sources for Provision of Services on a Cross-Disability Basis: 704 Report data, observation by review team, and interviews with consumers, board, and staff.

**Compliance indicator 3 – Independent Living Goals
Section 725(b)(3) of the Rehabilitation Act; 34 CFR 366.63(c); 34 CFR 364.52; 34 CFR 364.53**

Yes The CIL maintains a consumer service record (CSR) for each consumer.²

The CSRs contain:

No Documentation showing that the individuals are eligible or ineligible for services (only those eligible are served).

- No Written Independent Living Plans (ILPs) or written waivers from the consumers stating that ILPs are unnecessary.
- No Information on the services requested by, and the services provided to, or arranged for, the consumers.
- No The IL goals or objectives established with the consumers, whether or not in the ILPs.
- No The goals or objectives the consumers believe they have achieved.

The CIL maintains documentation on:

- Yes CIL notification to consumers of their right to develop, or waive the development, of an ILP.
- No The number of ILPs developed by consumers receiving services from the CIL.
- No The number of waivers signed by consumers receiving services from the CIL stating that an ILP is unnecessary.
- No The CIL's facilitation of the development and achievement of IL goals selected by individuals with significant disabilities who request assistance from the CIL.
- Yes The CIL's provision of opportunities for consumers to express satisfaction or dissatisfaction with the CIL's services and policies and documentation the CIL sends any results to its governing board and the appropriate SILC.

The ILPs:

- No Indicate the goals or objectives established, the services to be provided and the anticipated duration of the services.
- No Are developed jointly and signed by the appropriate CIL staff member and the individual with a significant disability/legally authorized representative.
- Yes Are provided in accessible formats, as needed.
- Yes Are reviewed at least annually to determine whether services should be continued, modified or discontinued and/or whether the individual should be referred to another program, including VR, developmental disability or special education individualized plans as appropriated.

Recommended Practice:

- No The CIL has written CSR management policies and procedures.

Verification Sources for Independent Living Goals: Review of CSRs, comparison with electronic database, and interviews with staff.

² See Finding 2 for detailed information on the breakdown of elements the CSRs did not contain from the requirements specified in this section.

**Compliance Indicator 4 – Community Options and Community Capacity
Section 725(b)(4), (6), and (c)(10) of the Rehabilitation Act; 34 CFR 366.63(d)**

The CIL performed at least one activity in each of the following categories during the reporting year: FY 2011

- Yes Community advocacy.
- Yes Technical assistance to the community on making services, programs, activities, resources and facilities in society accessible to individuals with significant disabilities.
- Yes Public information and education.
- Yes Aggressive outreach to populations of individuals with significant disabilities that are unserved or underserved by programs under Title VII of the act in the CIL’s service area.
- Yes Collaboration with service providers, other agencies, and organizations that could assist in improving opportunities for individuals with significant disabilities to avail themselves of the services, programs, activities, resources and facilities in the CIL’s service area.
- Yes Did the CIL’s outreach to unserved or underserved populations include minority groups and urban and rural populations?

Verification Sources for Community Options and Community Capacity: interviews with consumers, board, staff, and stakeholders; review of outreach materials, including Web site and brochures; and review of CSRs.

**Compliance indicator 5 – IL Core Services and Other IL Services
Section 725(b)(5) of the Rehabilitation Act; 34 CFR 366.63(e); 34 CFR 364.51(b)(2)(iii); 34 CFR 364.58**

- Yes The CIL provides information and referral services to all individuals who request this type of assistance from the CIL in accessible formats.

The CIL provides the following services in response to requests from individuals with significant disabilities who are eligible for IL services:

- Yes Independent living skills training.
- Yes Peer counseling (including cross-disability peer counseling).

- Yes Individual and systems advocacy.
- Yes A combination, as appropriate, of any two or more of the IL services defined in Section 7(18)(B) of the act.

The CIL maintains documentation regarding notification of applicants and consumers about:

- Yes Policies and procedures, including accessible formats, to obtain review of decisions made by the CIL concerning requests for/provision of IL services.
- Yes The availability of the Client Assistance Program (CAP) and how to contact the CAP, including accessible formats.

Verification Sources for IL Core Services and Other IL Services: Interviews with consumers, board, and staff, CIL brochures and Web site, and review of CSRs.

**Compliance indicator 6 – Resource Development
Section 725(b)(7) of the Rehabilitation Act; 34 CFR 366.63(e)**

- Yes The CIL during the reporting year conducted resource development activities to obtain funding from sources other than Chapter 1, Title VII, of the act.

Verification Sources for Resource Development Activities: Interviews with community stakeholders, board, and staff; and review of financial documents and contracts.

**III. Program and Financial Planning Objectives
Section 725(c)(4) of the Rehabilitation Act; 34 CFR 366.50(d)**

- Yes The CIL has established annual and three-year program and financial planning objectives.
- Yes The objectives include the CIL’s goals and mission.
- Yes The CIL has a current work plan for achieving the goals or mission and has included specific activities to meet the requirements in the indicators.
- Yes The work plan includes specific services, priorities and types of services to be provided.
- Yes The objectives and work plan are consistent with the current SPIL.

Recommended Practices:

- Yes The work plan includes objectives and goals for obtaining or increasing non-Title VII funding.
- Yes The work plan addresses board, staff and/or volunteers training.

Verification Sources for Program and Financial Planning Objectives: Interviews with board, staff and review of documents.

IV. 704 Report Accuracy and Documentation

Section 725(b)(c) of the Rehabilitation Act; 34 CFR 366.50(h)(i)

No The CIL has implemented internal controls and procedures (including quality assurance) to ensure 704 Report accuracy and documentation.

No Based on the CSRs, consumer lists, physical files and other documentation reviewed by RSA, the funding sources and amounts, CSR data (number of consumers, consumer demographics, ILPs and waivers, IL services and goals), standards and assurances compliance and other information in the most recent 704 Report are accurate and complete.

Part II

ORGANIZATION AND ADMINISTRATION OF THE CIL

V. Organizational and Personnel Practices

Sections 704(m)(2) and 725(c)(5) of the Rehabilitation Act; 34 CFR 364.31; 34 CFR 366.50(e)

Yes The CIL uses sound organizational and personnel assignment practices (including organizational chart indicating lines of authority, job descriptions, performance appraisals).

Yes The personnel practices include affirmative action to employ and advance in employment qualified individuals with significant disabilities.

Recommended Practice:

Yes The CIL has personnel policies addressing such areas as wage and salary, fringe benefits, vacation and sick leave, etc.

Verification Sources for Organizational and Personnel Practices: Interviews with board, staff, and review of documents, including policies and procedures.

VI. Staff Development and Training

Section 725(c)(11) of the Rehabilitation Act; 34 CFR 364.23(a); 34 CFR 364.24; 34 CFR 366.50(l)

Yes The CIL includes personnel who are specialists in the development and provision of IL services and in the development and support of centers.

Yes The CIL has established and maintains a program of staff development for all classes of positions involved in providing IL services and, where appropriate, in administering the CIL program.

Yes The staff development program is directed at improving the skills of staff directly responsible for the provision of IL services, including knowledge of and practice in the IL philosophy.

Yes The staff receives training on how to serve unserved and underserved populations, including minority groups and urban and rural populations.

Recommended Practice:

Yes The CIL has a governing board training and development program.

Verification Sources for Staff Development and Training: Interviews with Board and staff, and review of documents, such as personnel files.

VII. Conflict of Interest
EDGAR 34 CFR 75.525

Yes The CIL safeguards against a person (employee, board member, volunteer) to participate in an administrative decision regarding a project if the decision is likely to benefit that person or a member of his or her immediate family and that person is a public official or has a family or business relationship with the CIL.

Yes The CIL safeguards against any person 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.

Verification Sources for Conflict of Interest: Policies and procedures and interviews with Board and staff.

VIII. Confidentiality
34 CFR 364.56(a)

Yes The CIL has adopted and implemented policies and procedures to safeguard the confidentiality of all personal information, including photographs, publicity releases and lists of names that comply with 34 CFR 364.56(a) requirements including but not limited to:

Yes protecting current and stored personal information.

Yes informing IL applicants or consumers, authorized representatives, service providers and others, as appropriate, about the confidentiality of personal information and the conditions for gaining access to and releasing this information.

Recommended Practice:

Yes The CIL has meeting space that ensures that consumers' confidentiality is protected when meeting with staff.

Verification Sources for Confidentiality: Interviews with consumers, staff, and board, and review of documents.

IX. Drug-Free Workplace
EDGAR 34 CFR 84.200 – 84.230

- Yes The CIL conforms to the requirements of a drug-free workplace.
- Yes A statement is published notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of controlled substances is prohibited at the CIL and specifying the action that will be taken against employees for violating the prohibition.
- Yes The CIL has established an ongoing drug-free awareness program.
- Yes Each grant-funded employee has been given 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.
- N/A The CIL has taken appropriate personnel action against employees or has required employees to participate in drug abuse assistance program or rehabilitation program if such employees were convicted under a criminal drug statute conviction.

Verification Sources for Drug-Free Workplace: Interviews with Board and staff, and review of documents, including personnel files.

X. Insurance Coverage
EDGAR 34 CFR 74.31

- Yes The CIL has insurance coverage for real property and equipment acquired with federal funds equivalent to that provided for property owned by the grantee.

Verification Sources for Insurance Coverage: Interviews with staff, and review of documents, including insurance policy.

XI. Nondiscrimination
EDGAR 34 CFR 75.500

- Yes The CIL does not deny services to persons on the basis of their race, color, national origin, sex, age or the existence of a disability.

Verification Sources for Nondiscrimination: Interviews with consumers, Board, staff, and review of documents, including policies and procedures.

XII. Prohibition Against Lobbying

EDGAR 34 CFR 82.100; 2 CFR 230, Attachment B, Item 25

Yes The CIL has on file a signed and dated copy of the Certification of Lobbying Form ED-80-0013 against using 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 and EDGAR 34 CFR 82.100.

Recommended Practice:

Yes Incorporates provisions consistent with 2 CFR 230, Attachment B, Item 25 safeguarding against lobbying in its written policies and procedures.

Part III

GRANTS MANAGEMENT

XIII. Sources and Amounts of Funding (as verified by the review team)

| | |
|--------------------------------------------------|------------|
| (A) Title VII, Ch. 1, Part B | \$0 |
| (B) Title VII, Ch. 1, Part C | \$260,936 |
| (C) Title VII, Ch. 2 | \$ 0 |
| (D) Other Federal Funds | \$0 |
| (E) State Government Funds | \$ 170,000 |
| (F) Local Government Funds | \$10,000 |
| (G) Foundations, Corporations, or Trust Grants | \$20,000 |
| (H) Donations from Individuals | \$ 8,760 |
| (I) Membership Fees | \$0 |
| (J) Investment Income/Endowment | \$0 |
| (K) Fees for Service (program income, etc.) | \$ 40,464 |
| (L) Other Resources (in-kind, fundraising, etc.) | \$0 |

Item 4 - Total Income

Total income = (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)+(K)+(L) \$ 510,160

Item 5 - Pass Through Funds

Amount of other government funds received as pass through funds to consumers (include funds received on behalf of consumers that are subsequently passed on to consumers, e.g., personal assistance services, representative payee funds, or Medicaid funds) \$0

Net Operating Resources

Total Income (Section 4) <minus> amount paid out to consumers (Section 5) =
Net Operating Resources \$510,160

Grant Related Income

34 CFR 364.6; EDGAR 34 CFR 74.2 and 74.24

Yes If program income is generated with federal funds, such income is used for allowable and approved purposes.

Verification Sources for Grant Related Income: Interviews with staff and Board, and review of financial documents, including general ledger.

Budget

EDGAR 34 CFR 74.21, 74.25, 75.702 and 75.730

Yes Expenditures are recorded by budget cost category and funding sources.

Yes Procedures are followed to assure expenditures are consistent with the approved budget of the CIL.

Yes CIL requests prior RSA approval for budget and program plan revisions, when required under EDGAR 74.25.

Verification Sources for Budget: Review of financial documents, including ED-524, Board meeting minutes, and interviews with board and staff.

XVI. Personnel Cost Allocation

2 CFR 230, Attachment B, Item 8(m)(1)

Yes Salaries and wages are charged based on documented payrolls approved by a responsible official.

Yes The distribution of salaries and wages are supported by personnel activity reports described in 2 CFR 230 Appendix B, Item 8(m)(2) and reflecting an after-the-fact determination of the actual activity of each employee.

Yes The CIL maintains reports reflecting the distribution of activity of all staff members whose compensation is charged to the award.

XVII. Fiscal Management

EDGAR 34 CFR 74.21, 74.22, 74.52, 75.702, 75.707, 75.730; 2 CFR 230 Appendix A, Paragraph D

The CIL's financial management systems provides for the following:

Yes Accurate, current, and complete disclosure of the financial results of each federally-sponsored project in accordance with the reporting requirements of the

SF-425 financial status report, including program income, federal and recipient shares of expenditures, indirect costs, etc.

- Yes Records that identify adequately the source and application of funds for federally-sponsored activities.
- Yes Effective control over and accountability for all funds, property and other assets in order to safeguard all assets and ensure they are used solely for authorized purposes.
- Yes Comparison of outlays with budget amounts for each award.
- Yes Written procedures that minimize the time between the transfer of funds and the disbursement of funds by the recipient.
- Yes Written procedures for determining the reasonableness, allocability and allowability of costs.
- Yes Accounting records, including cost-accounting records, supported by source documentation and entries are made on a timely basis.

Name/Title of person responsible for preparation of the SF-425: Beth James, Executive Director

No The CIL has an approved U.S. Department of Education cost allocation plan (CAP) or indirect cost rate.

No The CIL distributes administrative costs among its various funding sources in an equitable manner as described in the CIL's approved CAP or indirect cost rate.

Verification Sources for Fiscal Management:

XVIII. Accounting Systems **EDGAR 34 CFR 74.21**

Yes The organization maintains a formal accounting system.

If the accounting system is computerized, identify the accounting program software used: Quick Books and contracted accountant.

The elements of the formal accounting system are (*check as appropriate*):

General Ledger

Grant Ledger

General Journal

Cash Receipts

Describe other(s):

The formal accounting system is maintained by (*check as appropriate*):

Cash basis

Accrual basis

Describe other(s):

Verification Sources for Accounting Systems: Interviews with staff, review of financial documents, including bank statements and Quickbooks.

XIX. Travel Costs

EDGAR 34 CFR 74.27; 2 CFR 230, Attachment B, Item 51(b)

Yes Travel costs incurred by employees and officers are reasonable and allowable, i.e., do not exceed charges allowed under the CIL's written travel policy or, in the absence of such a policy, as provided in 2 CFR 230, Attachment B, Item 51(b).

Yes Travel costs reimbursement requests for federal funds are justified and documented, e.g., through travel authorizations, receipts, etc, in accordance to the CIL's travel policy.

The policy provides for reimbursement by (*check as appropriate*):

(1) Actual expenses

(2) Per diem

Verification Sources for Travel Policies: Review of fiscal documentation and interviews with fiscal staff.

XX. Procurement

EDGAR 34 CFR 74.21 and 74.40 - 74.48

Yes The CIL has written procurement procedures complying with EDGAR 34 CFR 74.44.

Yes The procurement procedures give adequate consideration to costs, quality, delivery, competitive bidding, inspection and acceptance, as well as reasonableness, allocability and allowability of costs.

Yes The procurement procedures address the 34 CFR 74.42 – 74.48 requirements including written contract award and administration code of conduct; open and free competitions; cost and price analysis; records and files; contractor conformance/performance.

Yes There is separation of responsibility for the authorization for purchasing and the subsequent payment. For example, payments are made only if disbursements or checks are countersigned.

Yes Payment vouchers are identified as to funding sources, expense classification and transaction date.

The executive staff/board approval is needed for items over: \$2,500

The person(s) responsible for purchasing equipment and supplies: Executive Director and Office Manager

Verification Sources for Purchasing: Review of policies and procedures and interviews with staff.

XXI. Property

EDGAR 34 CFR 74.34(f) and (g), 74.44(a)

Yes The CIL maintains current and complete records of all property purchased with grant funds.

Yes The CIL has a system for controlling inventory (general ledger control account, card reports, property labels).

Yes Maintenance of property and equipment records are kept.

Yes Records contain: description of each piece of equipment; purchase date/cost; manufacturer's serial number, model number, federal stock number, national stock number, or other ID number; source of equipment award number; where title vests; information from which federal participation can be calculated; location and condition of the equipment, date information was reported; and ultimate disposition

Yes The CIL inventories property at least once every two years.

Date of last inventory: within the last six month; inventory is continuous. Switched from manual to electronic database and conduct inventory annually. (VISTA volunteers enter into database.)

Yes Adjustments to inventory accounts are made only on written authority of a designated official.

Name/Title of designee: Beth James, Executive Director.

Yes The CIL guards against loss, damage or theft of property.

Yes The CIL has policies, procedures and controls for purchasing and disposing of property.

Verification Sources for Property: Interviews with staff, review of insurance policy, and observation of security system by review team. Executive Director signs for items leaving inventory.

XXII. Conferences and Meetings

2 CFR 230; Memorandum to Grantees Regarding the Use of Grant Funds for Conferences and Meetings, U.S. Department of Education, June 2012 (GAN Enclosure 7)

Yes The CIL ensures (e.g., through written policies or procedures) that, when hosting a conference or meeting, Part C or other federal funds are not used to purchase:
-food for attendees unless doing so is necessary to accomplish legitimate meeting or conference business;*
-alcoholic beverages; or
-entertainment (amusement, diversion, social activities, etc.)*

* This prohibition does not apply to social and recreational services described in 34 CFR 364.4 and related to IL goal(s) in a consumer's CSR, such as peer support meetings.

XXIII. Records Retention

34 CFR 364.53; EDGAR 34 CFR 74.53(b); EDGAR 34 CFR 75.730

Yes Financial, consumer records and other documentation are maintained and retained for a period of three years in accord with federal requirements.

Verification Sources for Records Retention: Interviews with staff and observation by review team.

XXXIV. Audit

EDGAR 34 CFR 74.26

No The CIL expended \$500,000 or more in federal awards during the reporting year.

No *If "Yes" above, an annual nonfederal audit including funds received under Title VII, Chapter 1 of the act has been conducted and a copy thereof submitted to the Federal Audit Clearinghouse, as required.*

Verification Sources for Audit: Interviews with staff and review of fiscal documents.

COMMISSIONER'S MEMORANDUM

CM 04-

Date: May, 2004

TO: RSA Senior Management Team

FROM: Joanne Wilson
Commissioner

SUBJECT: Allocating Title VII, Part C Costs at Centers for Independent Living

The purpose of this memorandum is to clarify the requirements for allocating indirect costs to Federal grant awards received by Centers for Independent Living (CILs), particularly with respect to awards received under title VII, Part C of the Rehabilitation Act of 1973, (the Act) as amended.

Regional Offices are instructed to distribute this information via an Identical Information Memorandum to centers for independent living, DSUs, statewide independent living councils and other appropriate IL stakeholders in their regions.

Allocability Of Direct And Indirect Costs

The Education Department General Administrative Regulations (EDGAR), in 34 CFR 74.27, provide that the allowability of costs is determined in accordance with the cost principles applicable to the entity incurring the costs. Office of Management and Budget (OMB) Circular A-122, "Cost Principles for Non-Profit Organizations" govern cost principles for non-profit organizations. OMB Circular A-122 provides that the Federal Government bear its fair share of costs, except where restricted or prohibited by law, and that in order to be allowable under an award, costs charged must be allocable to that award. A cost is allocable to a particular grant award in accordance with the relative benefits received under that award. See OMB Circular A-122, Purpose, and Attachment A, Paragraph A.4.a.

When allocating costs to an award, Centers for Independent Living (CILs) must determine whether these costs are direct or indirect expenses.² Direct costs are those that can be identified specifically with a particular award to an organization. Costs identified specifically with particular awards may not be charged to other awards. See OMB Circular A-122, Attachment A, Paragraph B.1. A CIL may not charge all of its costs as direct costs to the Title VII, Part C grant award unless that grant award is the center's only source of funding.

Indirect costs are those that have been incurred for common, or organization-wide, objectives and cannot be readily identified with a particular grant award. Typical examples of indirect costs are those associated with operating and maintaining facilities and general administration expenses, such as the salaries and

² Annually, each CIL prepares an Internal Revenue Service Form 990, Return of Organization Exempt From Income Tax, or a short Form 990EZ. CILs may find the classification of functional expenses in the Form 990 useful for classifying costs as either direct or indirect.

expenses of executive officers, personnel administration, and accounting. See OMB Circular A-122, Attachment A, Paragraph C.1. and 2. Indirect costs must be allocated among different funding sources using either an indirect cost rate or a cost allocation plan in accordance with OMB Circular A-122 and the U.S. Department of Education's (ED's) (or other cognizant Federal agency's) procedures for the approval of indirect cost rates or the approval of cost allocation plans.

Indirect Cost Rates

Indirect cost rates are approved via the use of one of the acceptable methods for determining indirect costs outlined in OMB Circular A-122, Attachment A, Paragraph D. Generally, the most appropriate method for determining indirect costs for a CIL would be either the simplified allocation method or the direct allocation method. Indirect cost rate proposals are submitted to the grantee's cognizant Federal agency in accordance with the procedures outlined in OMB Circular A-122, Attachment A, Paragraph E. The grantee's cognizant Federal agency is generally the Federal agency with the largest dollar value of direct Federal awards to the organization. This does not include pass-through funds or sub-awards. Indirect cost rate proposals are submitted and approved for an annual period, based on the organization's accounting year.³

Cost Allocation Plans

The structure and functions of a non-profit organization may be the determining factor in whether an indirect cost rate or a cost allocation plan is more appropriate for charging indirect costs. Although OMB Circular A-122 does not specifically discuss cost allocation plans, non-profit organizations may submit a cost allocation plan to their cognizant Federal agency, in lieu of having an approved indirect cost rate. A cost allocation plan is a narrative document whereby a Federal agency would approve the methodology and distribution base for allocating indirect costs among funding sources, not the exact percentages of allocation used. Once approved, the plan would not need to be resubmitted unless there is a change in the overall methodology being used by the grantee, or a change in the organization that affects the methodology. A CIL may not allocate its indirect costs directly to the Title VII, Part C grant award unless it has an approved cost allocation plan. As discussed previously, a CIL may not charge all of its costs to the Part C grant award unless that grant award is the center's only source of funding.

Submission of Indirect Cost Rate Proposals or Cost Allocation Plans

For the majority of CILs funded under Title VII, Part C of the Act, it is likely that the ED is the cognizant Federal agency. If that is the case, CILs must submit an indirect cost rate proposal – in accordance with EDGAR provisions 34 CFR 75.560 – 75.564 and with OMB Circular A-122, Attachment A, Paragraph E.2.b. and c. – or a cost allocation plan to ED for approval. If a Federal agency other than ED is the cognizant agency, meaning that agency provides more direct funding to the CIL than does ED, then the proposal must be submitted to the cognizant Federal agency.

³ See 34 CFR 75.563 for requirements on the computation of a restricted indirect cost rate when a grant is awarded under a statute that prohibits the use of Federal funds to supplant non-Federal funds. Title VII, Part C has no such prohibition.

If a CIL does not have an indirect cost rate or cost allocation plan currently approved, submission of proposals or plans must occur **before the end of the current grant year ending September 30, 2004**, since **approved** indirect cost rates or cost allocation plans should be in place in order to charge indirect costs to a CIL's Part C grant. (However, the indirect cost proposal or cost allocation plan coverage would coincide with the CIL accounting year.) A CIL's failure to submit a cost allocation plan or indirect cost rate for approval could lead to an audit exception and result in a monetary disallowance. If ED is the cognizant Federal agency, grantees must submit indirect cost rate proposals or cost allocation plans to:

Indirect Cost Group
Financial Improvement & Post Audit Operations
Office of the Chief Financial Officer
U.S. Department of Education
400 Maryland Ave., S.W., Rm. 4W103
Washington, D.C. 20202-4201

For instructions and technical assistance on preparing the submission, CILs may call the Indirect Cost Group at (202) 708-7770. Examples of cost allocation plans and indirect cost rate proposals can be found on RSA's website at:

<http://www.ed.gov/programs/cil/legislation.html>

If there are questions specific to a CIL's participation in the Title VII, Part C Program, the grantee should contact the Regional Office of RSA. Each CIL must provide the Regional Office of RSA with information confirming that the CIL has submitted a cost allocation plan or an indirect cost rate proposal to ED (or other cognizant Federal agency) for approval, and the date of that submission, by the end of the current grant year on September 30, 2004.

cc: Ted Mueller, Supervisor, Indirect Cost Group, OCFO