

**FISCAL YEAR 2012
MONITORING REPORT
ON THE
NEBRASKA COMMISSION FOR THE
BLIND AND VISUALLY IMPAIRED
VOCATIONAL REHABILITATION
PROGRAM**



**U.S. DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION**

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SECTION 1: EXECUTIVE SUMMARY

Background

Section 107 of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Rehabilitation Act to determine whether a state vocational rehabilitation (VR) agency is complying substantially with the provisions of its State Plan under Section 101 of the Rehabilitation Act and with the evaluation standards and performance indicators established under Section 106. In addition, the commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for Supported Employment (SE) Services under Title VI, part B, of the Rehabilitation Act.

Through its monitoring of the VR and SE programs administered by the Nebraska Commission for the Blind and Visually Impaired (NCBVI) in federal fiscal year (FY) 2012, RSA:

- reviewed the VR agency's progress toward implementing recommendations and resolving findings identified during the prior monitoring cycle (FY 2007 through FY 2010);
- reviewed the VR agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment outcomes;
- recommended strategies to improve performance and required corrective actions in response to compliance findings related to three focus areas, including:
 - organizational structure requirements of the designated state agency (DSA) and the designated state unit (DSU);
 - transition services and employment outcomes for youth with disabilities; and
 - the fiscal integrity of the VR program;
- identified emerging practices related to the three focus areas and other aspects of the VR agency's operations; and
- provided technical assistance (TA) to the VR agency to enable it to enhance its performance and to resolve findings of noncompliance.

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of an on-site visit from January 23 through January 26, 2012, is described in detail in the [FY 2012 Monitoring and Technical Assistance Guide for the Vocational Rehabilitation Program](#) also available in [pdf](#).

Emerging Practices

Through the course of its review, RSA collaborated with NCBVI, the Technical Assistance and Continuing Education (TACE) center and other stakeholders to identify the emerging practice below implemented by the agency to improve the performance and administration of the VR program.

- Motivational Interviewing as a strategy for use with ambivalent or resistant persons with blindness or visual impairment who are considering going to work.

A more complete description of this practice can be found in Section 3 of this report.

Summary of Observations

RSA's review of NCBVI resulted in the observation related to the focus area identified below. The entire observation and the recommendations made by RSA that the agency can undertake to improve its performance are contained in Section 5 of this report.

Transition Services and Employment Outcomes for Youth with Disabilities

- Although NCBVI achieved quality employment outcomes, as measured by hours worked per week and those achieving substantial gainful activity (SGA), NCBVI's employment rate for transition-age youth remains low.

Summary of Compliance Findings

RSA's review resulted in the identification of compliance findings in the focus areas specified below. The complete findings and the corrective actions that NCBVI must undertake to bring itself into compliance with pertinent legal requirements are contained in Section 6 of this report.

- NCBVI is not represented on all the local workforce investment boards (LWIBs) in the state as required.
- NCBVI does not have required plans, policies and procedures that provide for the development and approval of an individualized plan for employment (IPE) by the time each student determined eligible for VR services leaves the school setting.
- NCBVI's interagency agreement with the State Education Agency (SEA) does not include one of the required components related to the provision of outreach to and identification of students with disabilities who are in need of transition services.
- NCBVI has charged indirect costs to the VR program in FYs 2007 through 2011 without an approved cost allocation plan or indirect cost rate, thus rendering the indirect costs unallowable.
- NCBVI has used non-federal funds allocable to the Independent Living (IL) Part B and Independent Living for Older Individuals who are Blind (OIB) programs as match for the VR program.
- NCBVI has not disbursed available program income prior to drawing down federal VR funds.
- NCBVI has not followed the same policies and procedures the state uses for procurement from its non-federal funds to ensure financial accountability of federal funds.
- NCBVI has not ensured that employees that work solely on a single federal award or cost objective provide periodic certifications that the employees worked solely on that program for the period covered by the certification.

Development of the Technical Assistance Plan

RSA will collaborate closely with NCBVI and the Region VII TACE to develop a plan to address the TA needs identified by NCBVI in Appendix A of this report. RSA, NCBVI and the TACE will conduct a teleconference within 60 calendar days following the publication of this report to discuss the details of the TA needs, identify and assign specific responsibilities for implementing TA and establish initial timeframes for the provision of the assistance. RSA, NCBVI and the TACE will participate in teleconferences at least semi-annually to gauge progress and revise the plan as necessary.

Review Team Participants

Members of the RSA review team included Christyne Cavataio and David Jones (VR Unit), Craig McManus (Fiscal Unit), Charles Sadler (TA unit), Julya Doyle (Data Collection and Analysis Unit), and Timothy Beatty (Independent Living Unit). Although not all team members participated in the on-site visit, each contributed to the gathering and analysis of information, along with the development of this report.

Acknowledgements

RSA wishes to express appreciation to the representatives of NCBVI for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of the Client Assistance Program and advocates, and other stakeholders in the monitoring process.

SECTION 2: PERFORMANCE ANALYSIS

This analysis is based on a review of the programmatic and fiscal data contained in Tables 2.1 and 2.2 below and is intended to serve as a broad overview of the VR program administered by NCBVI. It should not be construed as a definitive or exhaustive review of all available agency VR program data. As such, the analysis does not necessarily capture all possible programmatic or fiscal trends. In addition, the data in Table 2.1 measure performance based on individuals who exited the VR program during federal FYs 2006 through 2010. Consequently, the table and accompanying analysis do not provide information derived from NCBVI open service records including that related to current applicants, individuals who have been determined eligible and those who are receiving services. NCBVI may wish to conduct its own analysis, incorporating internal open caseload data, to substantiate or confirm any trends identified in the analysis.

Performance Analysis

VR Program Analysis

Table 2.1
Program Performance Data for Federal FY 2006 through Federal FY 2010

All Individual Cases Closed	Number, Percent, or Average	2006	2007	2008	2009	2010	Change from 2006 to 2010	Agency Type 2010
TOTAL CASES CLOSED	Number	190	144	143	135	135	-55	14,089
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	-28.9%	100.0%
Exited as an applicant	Number	49	30	29	23	33	-16	2,980
	Percent	25.8%	20.8%	20.3%	17.0%	24.4%	-32.7%	21.2%
Exited during or after trial work experience/extended evaluation	Number	0	0	0	0	0	0	124
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%
TOTAL NOT DETERMINED ELIGIBLE	Number	49	30	29	23	33	-16	3,104
	Percent	25.8%	20.8%	20.3%	17.0%	24.4%	-32.7%	22.0%
Exited without employment after IPE, before services	Number	0	0	0	0	0	0	141
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
Exited from order of selection waiting list	Number	0	0	0	0	0	0	43
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Exited without employment after eligibility, before IPE	Number	12	6	10	7	4	-8	1,286
	Percent	6.3%	4.2%	7.0%	5.2%	3.0%	-66.7%	9.1%
TOTAL EXITED AFTER ELIBIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	12	6	10	7	4	-8	1,470
	Percent	6.3%	4.2%	7.0%	5.2%	3.0%	-66.7%	10.4%
Exited with employment	Number	71	57	52	46	31	-40	6,065
	Percent	37.4%	39.6%	36.4%	34.1%	23.0%	-56.3%	43.0%

All Individual Cases Closed	Number, Percent, or Average	2006	2007	2008	2009	2010	Change from 2006 to 2010	Agency Type 2010
Exited without employment	Number	58	51	52	59	67	9	3,450
	Percent	30.5%	35.4%	36.4%	43.7%	49.6%	15.5%	24.5%
TOTAL RECEIVED SERVICES	Number	129	108	104	105	98	-31	9,515
	Percent	67.9%	75.0%	72.7%	77.8%	72.6%	-24.0%	67.5%
EMPLOYMENT RATE	Percent	55.04%	52.78%	50.00%	43.81%	31.63%	-42.53%	63.74%
Transition age youth	Number	29	31	29	31	28	-1	2,023
	Percent	15.3%	21.5%	20.3%	23.0%	20.7%	-3.4%	14.4%
Transition aged youth employment outcomes	Number	13	16	12	12	7	-6	551
	Percent	18.3%	28.1%	23.1%	26.1%	22.6%	-46.2%	9.1%
Competitive employment outcomes	Number	55	53	49	44	30	-25	5,222
	Percent	77.5%	93.0%	94.2%	95.7%	96.8%	-45.5%	86.1%
Supported employment outcomes	Number	2	0	1	0	0	-2	153
	Percent	2.8%	0.0%	1.9%	0.0%	0.0%	-100.0%	2.5%
Average hourly wage for competitive employment outcomes	Average	\$11.61	\$12.79	\$12.08	\$13.12	\$13.17	\$1.56	\$14.26
Average hours worked for competitive employment outcomes	Average	33.7	33.0	31.8	32.7	30.6	-3.2	31.1
Competitive employment outcomes at 35 or more hours per week	Number	35	33	28	27	13	-22	2,829
	Percent	49.3%	57.9%	53.8%	58.7%	41.9%	-62.9%	46.6%
Employment outcomes meeting SGA	Number	28	28	18	21	12	-16	2,198
	Percent	39.4%	49.1%	34.6%	45.7%	38.7%	-57.1%	36.2%
Employment outcomes with employer-provided medical insurance	Number	26	23	18	20	11	-15	1,260
	Percent	36.6%	40.4%	34.6%	43.5%	35.5%	-57.7%	20.8%

VR Performance Trends

Positive Trends

As shown in Table 2.1, NCBVI demonstrated positive trends during the five-year period between FY 2006 and FY 2010. The number of individuals who exited the VR process after eligibility determination but before receiving services decreased over the five-year period from 12 in FY 2006 to only four individuals in FY 2010. In FY 2010, the four individuals who left the VR program at this stage of the process represented only three percent of the total cases closed. This is significantly lower than the percentage for blind agencies nationally at 10.4 percent.

During FY 2006 to FY 2010, the percentage of individuals who achieved competitive outcomes increased from 77.5 percent in FY 2006 to 96.8 percent in FY 2010, higher than that of blind agencies nationally in FY 2010 at 86.1 percent. The average hourly wage for competitive

employment outcomes increased from \$11.61 in FY 2006 to \$13.17 in FY 2010 and compared favorably with the average for all blind agencies at \$14.26. The percentage of those whose earnings were above the threshold of substantial gainful activity as defined by the Social Security Administration in FY 2010 was 38.7 percent, slightly higher than the national average of 36.2 percent. In addition, the percentage receiving employer-provided medical insurance was higher in FY 2010 at 35.5 percent than that of blind agencies nationally at 20.8 percent.

Trends Indicating Potential Risk to the Performance of the VR Program

During the five-year period between FY 2006 and FY 2010, NCBVI experienced several trends that indicate potential risk to the VR program performance. Despite the fact that Nebraska's unemployment rate for December 2011 was the second lowest in the country according to U.S. Department of Labor's Bureau of Labor Statistics,¹ NCBVI's employment rate steadily declined from 55.04 percent in FY 2006 to 31.63 percent in FY 2010 and was significantly lower than the employment rate of 63.7 percent for all blind agencies nationally.

The total number of individuals receiving services decreased from 129 in FY 2006 to 98 in FY 2010, representing a 24 percent decrease. In addition, the percentage of individuals who exited the VR program with employment outcomes decreased from 37.4 percent in FY 2006 to 23 percent in FY 2010, representing a decrease of 56 percent for the five-year period and a significantly lower percentage than that for blind agencies nationally at 43 percent. At the same time, the percentage of individuals who exited without an employment outcome increased from 30.5 percent in FY 2006 to 49.6 percent in FY 2010 and was higher than the percentage for blind agencies nationally at 24.5 percent. While the percentage of individuals achieving a competitive employment outcome increased as noted above, the actual number of individuals decreased significantly from 55 to 30, representing a 45.5 percent decrease.

The number of transition-age youth who exited the VR program with an employment outcome decreased from 13 in FY 2006 to seven in FY 2010, representing a 46.2 percent decrease overall.

In discussions related to performance during the review, NCBVI indicated that it places a strong emphasis on assisting individuals to achieve high quality employment outcomes. However, as demonstrated by NCBVI's performance, the number of individuals receiving services decreased as did the number of individuals achieving employment outcomes for both the general population and for transition-age youth (see Observation 5.B.1 in Section 5). Therefore, while NCBVI can continue maintain its emphasis on high quality employment outcomes, at the same time it may want to consider taking specific actions to increase the number of individuals achieving employment outcomes.

¹ [Hyperlink for Bureau of Labor and Statics Website](#)

Fiscal Analysis

Table 2.2
Fiscal Performance Data for Federal FY 2007 through Federal FY 2011

VR Fiscal Profile	Quarter	2007	2008	2009	2010	2011
Grant amount per MIS	4th	2,883,974	2,762,436	3,397,520	3,260,462	3,399,105
	Latest/ Final*	2,883,974	2,762,436	3,397,520	3,260,462	-
Total outlays	4th	3,088,433	3,052,931	4,317,054	2,220,949	1,717,757
	Latest/ Final*	3,683,647	3,645,113	4,317,481	4,142,900	-
Total unliquidated obligations	4th	-	-	-	-	3,662
	Latest/ Final*	-	-	-	-	-
Federal Share of Total Outlays	4th	2,306,554	2,176,767	2,407,599	1,356,400	794,134
	Latest/ Final*	2,883,974	2,762,436	3,397,520	3,260,462	-
Federal share of unliquidated obligations	4th	-	-	-	-	3,662
	Latest/ Final*	-	-	-	-	-
Total federal share	4th	2,306,554	2,176,767	3,397,520	1,356,400	797,796
	Latest/ Final*	2,883,974	2,762,436	3,397,520	3,260,462	-
Recipient funds	4th	781,879	876,164	919,534	864,549	919,961
	Latest/ Final*	799,673	882,677	919,961	882,438	-
Recipient share of unliquidated obligations	4th	-	-	-	-	-
	Latest/ Final*	-	-	-	-	-
Agency actual match (total recipient share)	4th	781,879	876,164	919,534	864,549	919,961
	Latest/ Final*	799,673	882,677	919,961	882,438	-
Agency required match	4th	621,894	586,900	649,137	367,107	214,931
	Latest/ Final*	777,578	744,809	916,040	881,680	-
Over/under match	4th	-159,985	-289,264	-270,397	-497,442	-705,030
	Latest/ Final*	-22,095	-137,868	-3,921	-758	-
MOE **	4th	-	-	-	-	-
	Latest/ Final*	-	-	919,961	882,438	-
Unobligated funds qualifying for carryover	4th	577,420	585,669	-	1,904,062	2,601,309
	Latest/ Final*	-	-	-	-	-
Total program income realized	4th	5,715	530,334	654,700	240,966	439,460
	Latest/ Final*	5,715	530,334	654,700	240,966	-
Total indirect costs	4th	-	-	-	-	-
	Latest/ Final*	-	-	-	-	-

*Denotes Final or Latest SF-269 or SF-425 Submitted

** Based upon Final or Latest SF-269 or SF-425 Submitted

RSA reviewed fiscal performance data from federal FYs 2007 through 2011. NCBVI was efficient in liquidating both non-federal and federal funds, with \$0 in unliquidated obligations in either category from FY 2006 through the fourth quarter of FY 2010. State appropriated funds comprised between 88.3 to 92.4 percent of the agency's non-federal share over the five-year

span. For all fiscal years, NCBVI continued to report non-federal expenditures after the fourth quarter. While these funds continue adding to the agency's maintenance of effort (MOE) totals, the match level cannot exceed the sum of the non-federal expenditures and non-federal unliquidated obligations at the fourth quarter. As a result, NCBVI reported that it met its MOE requirement in all five years. However, in FY 2010, despite adding non-federal funds after the fourth quarter, the SF-425 report indicated the agency incurred \$17,889 less in non-federal funds than required, resulting in a match deficit and impacting the \$1,904,062 in carryover funds for that year. Discussions onsite revealed that the statewide cost allocation funds were not reported for this fiscal year. Carryover levels increased significantly over the five-year span, from a low of \$577,420 (20 percent of the federal award) in FY 2007 to \$2,601,309 (76.5 percent of the federal award) in FY 2011. On the other hand, program income earned varied on an annual basis, from a low of \$5,715 in FY 2007 to a high of \$654,700 in FY 2009. Social Security reimbursement program income funds were transferred from the VR program to the IL Part B and OIB programs. However, the fluctuation in these funds prohibited consistent annual transfer amounts. The agency did not report indirect costs during the five-year span.

SECTION 3: EMERGING PRACTICES

While conducting the monitoring of the VR program, the review team collaborated with NCBVI, the TACE, and agency stakeholders to identify an emerging practice in the following areas:

- strategic planning;
- program evaluation and quality assurance (QA) practices;
- financial management;
- human resource development;
- transition;
- the improvement of employment outcomes, including SE and self-employment;
- VR agency organizational structure; and
- outreach to unserved and underserved individuals.

RSA considers emerging practices to be operational activities or initiatives that contribute to successful outcomes or enhance VR agency performance capabilities. Emerging practices are those that have been successfully implemented and demonstrate the potential for replication by other VR agencies. Typically, emerging practices have not been evaluated as rigorously as "promising," "effective," "evidence-based," or "best" practices, but still offer ideas that work in specific situations.

As a result of its monitoring activities, RSA identified the emerging practice below.

1. Utilization of Motivational Interview Technique

NCBVI utilizes the technique of motivational interviewing as a means of motivating consumers to be more actively engaged in the pursuit of an employment outcome during the rehabilitation process. It was reported that while consumers come to NCBVI to explore employment opportunities, they often express concerns about going to work with respect to the potential loss of Supplemental Security Income benefits.

This particular interview technique has proven to be successful in motivating individuals to assess options and accept challenges, in this case, going to work. Therefore, NCBVI staff at all levels engaged in intensive two-day training on the use of this interviewing technique which focuses on counseling skills, empathic reflection, and client-centered importance and reinforcement. While NCBVI does not have data to support the benefits of using this technique with respect to increased employment outcomes, anecdotally, staff reported increased confidence and effectiveness in serving agency consumers, especially those who are more reluctant to go to work.

A complete description of the practice described above can be found on the [RSA website](#).

SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES

During its review of the VR and SE programs in FY 2012, RSA assessed progress toward the implementation of goals and strategies accepted by NCBVI resulting from the prior monitoring review in FY 2007 and the resolution of compliance findings from that review.

Goals and Strategies

In response to RSA's monitoring report dated FY 2007, NCBVI agreed to the goals listed in the following section, including a brief summary of the agency's progress toward implementing each goal.

1. Quality Employment

Goal:

- 1.1 To achieve a full-time (31 or more hours per week) competitive employment rate of at least 52 percent in FY 2008.
- 1.2 To achieve a ratio of average hourly earnings of clients, who become employed, compared in average hourly earnings in the state of at least 0.72 in FY 2008.

1. Identify ways to increase counselors' focus on achieving quality employment outcomes for their clients.

Progress: The Deputy Director for VR services met with each district and determined that the equivalent of 31 hours per week multiplied by the federal minimum wage would reflect full-time quality employment. In addition, the agency application for services and IPE form now contain language stating that clients of the commission must have a goal of full-time employment, or part-time employment under special circumstances.

2. Leadership will work with district/office staff to develop procedures specific to each office, which will lead to increased numbers and percentage of clients achieving competitive employment outcomes and increased hourly earnings rate.

Progress: Supervisors and district staff review counselor caseloads annually, focusing particularly on those clients actively looking for employment or who are near the completion of training. Intensive job placement efforts are conducted as a team.

3. Deputy Directors will meet regularly with each district/office supervisor and counselors to review best practices procedures and performance data in order to improve performance in achieving full-time competitive employment outcomes and increased hourly earnings rate.

Progress: Meetings initially occurred quarterly for the first two years, and now are conducted annually. District supervisors, however, are involved with counselors in this activity on a more frequent basis.

4. Analyze data per district for the past three years. Examine employment outcomes, wages earned, hours worked per week by clients, and client wages as compared to the state's average hourly wage. Take into consideration economic changes such as inflation.

Progress: Data for all of the above categories were collected during FY 2008 – 2010 for the three districts of Lincoln, Omaha, and North Platte.

5. In August of each year, each district/office will review progress to date and will establish objectives to achieve in the upcoming year.

Progress: This has been conducted annually since the FY 2007 monitoring review. However, new goal setting is conducted in December instead of August. This continues to keep the focus on quality employment.

2. Employment for Transition-age Youth

Goal:

To achieve an employment rate for transition-age clients of at least 40 percent in FY 2008.

1. Implement the protocol of best practices for improving services to children and youth in concert with education officials, school districts, and the Nebraska Center for the Education of Children who are Blind and/or Visually-Impaired.

Progress: The development and implementation of a transition protocol has been a key activity since the FY 2007 monitoring review. Since completion of the protocol, it has been disseminated widely. VR counselors have attended numerous statewide agency conferences to provide protocol training to its partners.

2. Upgrade the data collection system to track the employment rate for students participating in transition programs.

Progress: A new database is now in place but as noted in Section 5, the database does not yet have the capability to evaluate outcomes in various programs to determine overall effectiveness.

3. Establish a benchmarking system to track progress throughout the transition years including but not limited to involvement in transition programs, continuation of education beyond high school, scholarships awarded, summer employment, full-time employment, and community involvement.

Progress: NCBVI tracks all programs in which clients participate. However, although VR counselors are required to enter this information individually into the management information system (MIS), accuracy of client tracking is still in question, and continued staff training will need to take place on an ongoing basis.

4. Analyze the results of the comprehensive statewide needs assessment (CSNA) survey with transition-age youth to gain insights to enhancing agency strengths and minimizing weaknesses.

Progress: There were nine key observations and recommendations made as a result of the Mississippi State University Survey report that contributed to the CSNA. Topic areas included: transportation, improvement of career exploration services, job placement service delivery, unserved and underserved populations, self-employment, and outreach to the transition population. For each topic area, NCBVI provided a thorough outline of specific steps it had taken to address the recommendation, as well as progress made.

3. Methods of Quality Assurance

Goal:

Improve NCBVI's QA system

1. Implement a new, electronic, fully accessible, comprehensive information tracking system that will allow the agency to collect and analyze data more proficiently.

Progress: The tracking system has been implemented.

2. Document the procedures currently used for measuring performance outputs and outcomes and for disseminating these measures. Once these procedures are documented, develop new reports to measure agency performance.

Progress: Tracking reports are disseminated to district supervisors and deputy directors monthly that document individuals' status movement through each step of the rehabilitation process. Supervisors can generate real-time reports for any VR Counselor's caseload. At the end of the fiscal year, district reports are also disseminated, comparing quantity and quality of outcomes with data from previous fiscal years.

3. Pilot and evaluate a formal service record review system statewide.

Progress: The two deputy directors conduct yearly case reviews with each counselor and supervisors in each district. The new MIS generates ticklers for VR Counselor caseload management, and supervisor and deputy director oversight.

SECTION 5: FOCUS AREAS

A. Organizational Structure Requirements of the Designated State Agency and Designated State Unit

The purpose of this focus area was to assess the compliance of NCBVI with the federal requirements related to its organization and the ability of NCBVI to perform its non-delegable functions, including the determination of eligibility, the provision of VR services, the development of VR service policies, and the expenditure of funds. Specifically, RSA engaged in a review of:

- compliance with statutory and regulatory provisions governing the organization of the NCBVI under 34 CFR 361.13(b);
- processes and practices related to the promulgation of VR program policies and procedures;
- the manner in which NCBVI exercises responsibility over the expenditure and allocation of VR program funds, including procurement processes related to the development of contracts and agreements;
- procedures and practices related to the management of personnel, including the hiring, supervision and evaluation of staff; and
- the manner in which NCBVI participates in the state's workforce investment system.

In the course of implementing this focus area, RSA consulted with the following agency staff and stakeholders:

- NCBVI director and senior managers;
- staff members responsible for the fiscal management of the VR program;
- members of the independent commission;
- Client Assistance Program staff member; and
- TACE center representative.

In support of this focus area, RSA reviewed the following documents:

- diagrams and supporting documentation illustrating the DSU's position in relation to the DSA, its relationship and position to other agencies that fall under the DSA, and the direction of supervisory reporting between agencies;
- diagrams and supporting documentation identifying all programs from all funding sources that fall under the administrative purview of the DSU, illustrating the number of full-time equivalent (FTE) staff working on each program;
- the number of FTEs in each program, identifying the specific programs on which they work and the individuals to whom they report, specifically including:
 - individuals who spend 100 percent of their time working on the rehabilitation work of NCBVI;
 - individuals who work on rehabilitation work of NCBVI and one or more additional programs/cost objectives (e.g., one-stop career centers); and

- individuals under NCBVI that do not work on VR or other rehabilitation within the DSU;
- sample memoranda of understanding (MOUs) and/or cost allocation plans with one-stop career centers; and
- documents describing Nebraska procurement requirements and processes.

Overview

NCBVI is an independent commission governed by a five-member Board of Commissioners (Board), appointed by the governor. The Board has organizational status comparable to other governor-appointed commissions. The Board meets quarterly in public meetings throughout the state. The director of NCBVI reports to the Board, which recruits, hires, evaluates, and retains the director.

At the time of the onsite, NCBVI employed 45.75 FTEs and had one vacancy in Field Services. The seven-member administrative staff, including the Executive Director, was responsible for overseeing two main organizational units within the agency, including the Nebraska Center for the Blind and Field Services. Nebraska Center for the Blind included the center director and six orientation counselors with responsibilities for providing pre-vocational rehabilitation training to individuals with blindness during a six to nine month period. Field Services had 31.75 FTEs, including district supervisors, VR counselors, orientation counselors, VR technicians, technology specialists to provide VR services throughout the state. They represented three district offices and three area offices in more rural regions. In addition, the Field Services unit included IL services and OIB, and the Nebraska Business Enterprises to support the Randolph-Sheppard program.

RSA's review of the organizational structure of the NCBVI did not result in the identification of observations and recommendations.

In addition, the compliance findings identified by RSA through the implementation of this focus area are contained in Section 6 of this report.

Technical Assistance

RSA provided the TA described below to NCBVI related to this focus area during the course of its monitoring activities.

While it was reported during the onsite that all 16 Nebraska one-stop offices were accessible to individuals with blindness, RSA received feedback that one-stop center staff are not always familiar with latest developments in assistive technology (AT) and are interested in improving accessibility for individuals with blindness. RSA discussed the possibility of collaboration between NCBVI and the one-stops to consider utilizing NCBVI's three technology specialists to provide technical assistance to the one-stops on the latest developments in AT for individuals with blindness in an effort to enhance service delivery.

B. Transition Services and Employment Outcomes for Youth with Disabilities

The purpose of this focus area was to assess NCBVI's performance related to the provision of transition services to, and the employment outcomes achieved by, youth with disabilities, and to determine compliance with pertinent federal statutory and regulatory requirements.

Section 7(37) of the Rehabilitation Act defines "transition services" as a coordinated set of activities for a student, designed within an outcome-oriented process, that promotes movement from school to post-school activities, including post-secondary education, vocational training, integrated employment (including supported employment), continuing and adult education, adult services, independent living, or community participation. The coordinated set of activities shall be based upon the individual student's needs, taking into account the student's preferences and interests, and shall include instruction, community experiences, the development of employment and other post-school adult living objectives, and when appropriate, acquisition of daily living skills and functional vocational evaluation.

In the course of implementing this focus area, RSA identified and assessed the variety of transition services provided in the state, including community-based work experiences and other in-school activities, and post-secondary education and training, as well as the strategies used to provide these services. RSA utilized five-year trend data to assess the degree to which youth with disabilities achieved quality employment with competitive wages. In addition, RSA gathered information related to the coordination of state and local resources through required agreements developed pursuant to the Individuals with Disabilities Education Improvement Act of 2004 (IDEA) and the Rehabilitation Act, and communities of practice. RSA also gathered information regarding emerging practices initiated by the VR agency in the area of services to youth with disabilities, as well as TA and continuing education needs of VR agency staff.

To implement this focus area, RSA reviewed:

- the progress toward the implementation of identified goals and strategies accepted by NCBVI identified in the prior monitoring report from FY 2007 (see Section 4 above);
- formal interagency agreements between the VR agency and the SEA;
- transition service policies and procedures; and
- VR agency resources and collaborative efforts with other federal, state and local entities.

In support of its monitoring activities, RSA reviewed the following documents:

- the agreement between the VR agency and the SEA;
- sample agreements between the VR agency and local education agencies (LEA), if applicable;
- samples of other cooperative agreements, if applicable; and
- VR policies and procedures for the provision of transition services.

To assess the performance related to the provision of transition services and the outcomes achieved by youth with disabilities, RSA reviewed NCBVI's relevant data from FY 2006 through FY 2010, describing:

- the number and percentage of transition-age youth who exited the VR program at various stages of the process;
- the amount of time these individuals were engaged in the various stages of the VR process, including eligibility determination, development of the IPE and the provision of services;
- the number and percentage of transition-age youth receiving services, including assessment, university and vocational training, rehabilitation technology and job placement; and
- the quantity, quality and types of employment outcomes achieved by transition-age youth.

To provide context for the agency's performance in the area of transition, RSA also compared the performance of NCBVI with the national average of all blind state agencies as appropriate.

As part of its review activities, RSA met with the following DSU staff and stakeholders to discuss the provision of services to youth with disabilities:

- the NCBVI Director;
- NCBVI VR counselors and transition staff; and
- youth with disabilities receiving or applying for VR services.

RSA's review of transition services and employment outcomes achieved by youth with disabilities resulted in the identification of the following observation and recommendations. Appendix A of this report indicates whether or not the agency has requested TA to enable it to implement any of the below recommendations.

In addition, the compliance findings identified by RSA through the implementation of this focus area are contained in Section 6 of this report.

Observations and Recommendations

5.B.1 Low Employment Outcomes for Transition-Age Youth

Observation: NCBVI indicated that it places a more emphasis on the quality of employment outcomes for all consumers, including transition-age youth, than the quantity of employment outcomes as discussed in Section 2 above. As a result, while those transition-age youth exiting NCBVI with an employment outcome generally achieve high quality employment outcomes, the overall employment rate for transition-age youth has decreased over the five-year period as discussed below.

- NCBVI indicated that many of its staff are assigned responsibilities across multiple programs for transition-age youth at any given time, including College Prep, Work and

Gain Experience in the Summer (WAGES), Winnerfest, Project Independence, and Round Tuit. However, the agency is not able to identify which practices or procedures from the various programs result in the achievement of employment outcomes for transition-age youth. While attendance in such programs is collected informally by the director of the Nebraska Center for the Blind, there is currently no analysis of each program’s impact on overall agency performance in assisting transition-age youth to achieve employment outcomes. As reported in Section 4, Progress of Prior Monitoring Activities, NCBVI developed an electronic database which is intended to evaluate impact. However, at the time of the onsite, the database did not yet have the capability to assess the impact with respect to achieving employment outcomes.

- Despite Nebraska’s low statewide unemployment rate of 4.1 percent in 2010 as referenced in Section 2, NCBVI’s employment rate for transition-age youth has steadily decreased from 54.17 percent in FY 2006 to 35 percent in FY 2010 as demonstrated in Table 5.B.1 below. In FY 2010, NCBVI’s employment rate for transition-age youth was also lower than the 43.18 percent for all blind agencies nationally and the 49.21 percent for NCBVI’s peer agencies.

**Table 5.B.1
NCBVI’s Transition-Age Youth Employment Rate versus Peers and Blind Agency
Averages for FY 2006 through FY 2010**

Agency Type	2006	2007	2008	2009	2010
NCBVI	54.17%	66.67%	50.00%	50.00%	35.00%
Peer Averages	57.75%	67.74%	74.55%	49.09%	49.21%
Blind Agency Averages	52.47%	55.91%	53.39%	46.30%	43.18%

- As shown in Table 5.B.2, NCBVI served 20 transition-age youth in 2010, representing a slight decrease from 24 transition-age youth served in FY 2006. Of those 20 served, only seven achieved an employment outcome, with 13 exiting the VR program without an employment outcome.

**Table 5.B.2
NCBVI’s Transition-Age Youth Served versus Peers and Blind Agency
Averages for FY 2006 through FY 2010**

Agency Type	2006	2007	2008	2009	2010
Employment Outcomes					
NCBVI	13	16	12	12	7
Peer Averages	10	16	10	7	16
Blind Agency Averages	30	33	31	25	23
Total Served					
NCBVI	24	24	24	24	20
Peer Averages	18	23	14	14	16
Blind Agency Averages	56	58	58	53	53

Recommendations: RSA recommends that NCBVI:

- 5.B.1.1 develop and implement a QA system to evaluate the efficiency and effectiveness of transition-age youth programs and their impact on the achievement of successful employment outcomes;
- 5.B.1.2 establish a benchmarking system to track progress throughout the transition years including but not limited to involvement in transition programs, continuation of education beyond high school, involvement in summer employment, and the achievement of competitive employment;
- 5.B.1.3 review service records of transition-age youth who did not achieve employment outcomes and identify strategies to improve outcomes.

C. Fiscal Integrity of the Vocational Rehabilitation Program

For purposes of the VR program, fiscal integrity is broadly defined as the proper and legal management of VR program funds to ensure that VR agencies effectively and efficiently manage funds to maximize employment outcomes for individuals with disabilities. Through the implementation of this focus area, RSA assessed the fiscal performance of the VR and SE programs and compliance with pertinent federal statutory and regulatory requirements, including federal cost principles, governing four components of review: financial resources, match and MOE, internal controls, and fiscal planning.

RSA used a variety of resources and documents in the course of this monitoring, including data maintained on RSA's MIS generated from reports submitted by the VR agency, e.g., Federal Financial Reports (SF-269/SF-425) and the Annual VR Program/Cost Report (RSA-2). The review covered fiscal data from federal FY 2007 through FY 2011, along with other fiscal reports as necessary, to identify areas for improvement and potential areas of noncompliance.

Specifically, RSA engaged in the review of the following to ensure compliance with federal requirements:

- the federal FY 2007 monitoring report issued pursuant to Section 107 of the Rehabilitation Act (see Section 4 above for a report of the agency's progress toward implementation of goals and strategies, and the resolution of findings);
- A-133 audit findings and corrective actions;
- state/agency allotment/budget documents and annual federal financial reports;
- grant award, match, MOE, and program income documentation;
- agency policies, procedures, and forms (e.g., monitoring, personnel certifications, procurement, and personnel activity reports), as needed; and
- documentation of expenditures including contracts, purchase orders and invoices.

In addition, RSA reviewed the following as part of the monitoring process to ensure compliance:

- internal agency fiscal reports and other fiscal supporting documentation; and
- VR agency cost-benefit analysis reports.

RSA's review of the fiscal integrity of the VR Program administered by NCBVI did not result in the identification of observations and recommendations.

In addition, the compliance findings identified by RSA through the implementation of this focus area are contained in Section 6 of this report.

Technical Assistance

RSA provided technical assistance to NCBVI related to the fiscal integrity of the VR program while on-site in Nebraska.

NCBVI is in the process of submitting a cost allocation plan to the US Department of Education Indirect Cost Group for approval. RSA provided TA to NCBVI to ensure that all programs that benefit from charging indirect costs receive an equal distribution of those indirect costs, including indirect costs allocable to DSU programs from the statewide cost allocation plan.

NCBVI receives Social Security reimbursement program income and transfers a portion of the program income to the IL Part B and OIB programs. All NCBVI program income is held in one fund at the state treasurer's office. During the on-site visit RSA, NCBVI fiscal staff, and state accounting staff discussed TA and possible methods that would allow NCBVI to resolve this issue, including the options and feasibility of tracking the program income for all DSU programs within one fund, or setting up separate funds for each DSU program.

NCBVI has been using spreadsheets distributed through the agency e-mail as semi-annual certifications for staff working solely on one cost objective. RSA provided TA to the agency regarding the specific requirements the US Department of Education Indirect Cost Group has outlined that allow semi-annual certifications to be transmitted through an electronic system. NCBVI has subsequently decided to manually distribute and collect hard copies of semi-annual certifications.

NCBVI procures services through various mechanisms, including the approval of invoices submitted from private vendors. RSA provided TA regarding the importance of vendor supporting documentation sufficiently detailed to ensure services identified on the invoice match the services located on the IPE and authorization. Additionally, RSA provided TA that when procuring any services, NCBVI must follow the same policies and procedures that the state uses for procurement from its non-federal funds.

SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS

RSA identified the following compliance findings and corrective actions that NCBVI is required to undertake. Appendix A of this report indicates whether or not the agency requests TA to enable it to carry out the corrective actions. The full text of the legal requirements pertaining to each finding is contained in Appendix B.

NCBVI must develop a corrective action plan for RSA’s review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and RSA is available to provide TA to assist NCBVI to develop the plan and undertake the corrective actions.

RSA reserves the right to pursue enforcement action related to this/these findings as it deems appropriate, including the recovery of funds, pursuant to 34 CFR 80.43 and 34 CFR part 81 of Education Department General Administrative Regulations (EDGAR).

1. DSU Participation on the Local Workforce Investment Boards (LWIBs)

Legal Requirements:

- VR Program Regulations—34 CFR 361.23(a)(5)
- Workforce Investment Act—Section 117(b)(2)(A)(vi)

Finding:

NCBVI’s representation on the LWIBs is not consistent with VR program regulations at 34 CFR 361.23(a)(5) and Section 117(b)(2)(A)(vi) of the Workforce Investment Act (WIA) that the mandatory federal partners be represented on the LWIBs. Specifically, 34 CFR 361.23(a)(5) establishes the responsibilities of the DSU as a partner in the one-stop system to “provide representation on the Local Workforce Investment Board under section 117 of the Workforce Investment Act of 1998.” The provisions in Section 117(b)(2)(A)(vi) of WIA require the representatives of each of the one-stop partners to be members of the local boards. Of the three LWIBs in the state, NCBVI is not represented on the Tri-County Workforce Investment Board (TCWIB) based in Omaha. This LWIB services the Omaha metropolitan region, including the counties of Douglas, Sarpy, and Washington in Nebraska. NCBVI’s participation as a “guest” in the TCWIB quarterly meetings and its membership in the Youth Council are not sufficient to meet the federal requirements.

Corrective Action 1: NCBVI must:

- 1.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.23(a)(5) of the VR program regulations and Section 117(b)(2)(A)(vi) of the Workforce Investment Act; and

- 1.2 submit a plan, including timelines, describing the corrective actions that will be taken, to ensure NCBVI is represented on the TCWIB.

Transition

2. Written Policies on Individual Plan for Employment

Legal Requirements:

- VR Program Regulations – 34 CFR 361.22(a)(2)
- VR Program Regulations – 34 CFR 361.22(a)(1)

Finding:

NCBVI is not in compliance with 34 CFR 361.22(a)(2), which requires NCBVI to have plans, policies and procedures that provide for the development and approval of an IPE by the time each student determined eligible for VR services leaves the school setting. While NCBVI has plans in place through the transition protocol referenced in the agreement with the SEA, it does not have the written policies and procedures components addressing IPE completion. Regulations at 34 CFR 361.22(a)(1) require that the agency must have “plans, policies, and procedures for coordination between the designated State agency and the education officials responsible for the public education of students with disabilities that are designed to facilitate the transition of students with disabilities from the receipt of educational services in school to the receipt of vocational rehabilitation services under the responsibility of the designated State agency.”

NCBVI management informed RSA that while it does have a plan in place for the provision of VR services to eligible students with disabilities, it does not have written policies and procedures that ensure each student determined eligible for VR services will have an approved IPE by the time the student leaves the school setting. Staff members who were interviewed were not aware of policies or procedures specific to this regulation.

Corrective Action 2: NCBVI must:

- 2.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that NCBVI will comply with 34 CFR 361.22(a)(2) and 34 CFR 361.22(a)(1); and
- 2.2 submit a plan, including timelines, describing the corrective actions that will be taken to ensure NCBVI develops and implements policies and procedures that ensure IPEs will be developed and approved for students with disabilities by the time each student determined to be eligible for VR services leaves the school setting.

3. State Educational Agency (SEA) Agreement

Legal Requirement:

- VR Program Regulations—34 CFR 361.22(b)(4)

Finding:

NCBVI is not in compliance with CFR 361.22(b)(4), which requires that the formal interagency agreement with the SEA provide for procedures for outreach to, and identification of, students with disabilities who are in need of transition services. Four components are required in a formal SEA agreement, and they are as follows:

- (1) Consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including vocational rehabilitation services;
- (2) Transition planning by personnel of the designated State agency and educational agency personnel for students with disabilities that facilitates the development and completion of their IEPs under section 614(d) of the Individuals with Disabilities Education Act;
- (3) The roles and responsibilities, including financial responsibilities, of each agency, including provisions for determining State lead agencies and qualified personnel responsible for transition services; and
- (4) Procedures for outreach to and identification of students with disabilities who are in need of transition services. Outreach to these students should occur as early as possible during the transition planning process and must include, at a minimum, a description of the purpose of the vocational rehabilitation program, eligibility requirements, application procedures, and scope of services that may be provided to eligible individuals.

NCBVI's interagency agreement with the SEA, dated 2008, contains the first three of the four required components. However, the SEA agreement was reviewed and contains no language specific to outreach to, and identification of, students with disabilities who are in need of transition services. In conversations with NCBVI management, it was confirmed that neither the SEA agreement nor the transition protocol provide specific language pertaining to outreach to, and identification of, students with disabilities who are in need of transition services.

Corrective Action 3: NCBVI must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that NCBVI will comply with 34 CFR 361.22(b)(4); and
- 3.2 submit a plan, including timelines, describing the corrective actions that will be taken, for NCBVI to revise the existing formal interagency agreement with the SEA to provide for procedures for outreach to and identification of students with disabilities who are in need of transition services.

4. Improper Charging of Indirect Costs

Legal Requirements:

- VR Program Regulations—34 CFR 361.12
- EDGAR—34 CFR 80.20(a)(1) & (2)
- Cost Principles—2 CFR 225, Appendix A, paragraphs B.1, B.15 & F.1; Appendix E, paragraphs D.1, E.1 & F.5

Finding:

NCBVI is not in compliance with 2 CFR 225 because the agency has charged indirect costs to the VR award in FYs 2007 through 2011 without an approved cost allocation plan or indirect cost rate, rendering the indirect costs unallowable. As a result, NCBVI has not administered the VR program in a manner that ensures the proper expenditure and accounting of VR funds, and is not compliant with 34 CFR 361.12 and 34 CFR 80.20(a).

Discussions with agency staff onsite revealed that during the FYs 2007 through 2011 time period indirect costs were reported in the Federal Share of Expenditures category on the SF-269 and SF-425 federal financial reports, not under the designated indirect cost data elements (Section 11). This combination of indirect costs with direct costs in the Federal Share of Expenditures category on the SF-269 and SF-425 reports does not permit distinction regarding the amount of indirect costs charged to the award. Historically, the agency attempted to direct charge all agency costs as identified in a FY 2007 state audit finding. In late calendar year 2011, NCBVI began utilizing an informal cost allocation methodology of applying percentages (based upon program specific FTEs) to costs not directly allocable to the individual VR, IL Part B and OIB programs. However, this cost allocation plan was not submitted for approval to the federal cognizant agency, the United States Department of Education (USDE) Indirect Cost Group.

NCBVI annually receives notification from the Nebraska Department of Administrative Services regarding non-federal funds paid on its behalf through the Nebraska Statewide Cost Allocation Plan (SWCAP). The entirety of these funds is reported on the SF-269 and SF-425 reports as non-federal share to match the VR program. Discussions with agency staff onsite determined that the SWCAP costs allocated to NCBVI benefit the entire DSU, including all of the programs NCBVI administers: VR, IL Part B and OIB. As a result, NCBVI has not ensured an equitable distribution of indirect costs among federal programs.

As a recipient of federal funds, NCBVI must maintain procedures to ensure that it administers the VR program in an efficient and effective manner (34 CFR 361.12 and 34 CFR 80.20(a)). Federal regulations require that all federal grant recipients must properly expend and account for program funds (*Id.*). As such, VR funds may be spent only on allowable expenditures – the provision of VR services and the administration of the VR program (34 CFR 361.3). Furthermore, the federal cost principles make it clear that a cost is allowable if it is allocable to the federal award (2 CFR 225, Appendix A, paragraph C.1.b). Indirect costs are those that benefit more than one program and are not easily assignable to any one specific program (*Id.* at F.1). All departments or agencies of the governmental unit desiring to claim indirect costs under federal awards must prepare an indirect cost rate proposal and related documentation to support those costs (2 CFR 225, Appendix D, paragraph 1.a). All activities which benefit from the agency's indirect costs must receive an appropriate allocation of indirect costs (*Id.* at C.3.b).

In this case, NCBVI has been charging indirect costs to the federal award without an approved cost allocation plan or indirect cost rate, as it was required to do pursuant to the federal cost principles at 2 CFR 225. NCBVI did not comply with these requirements, resulting in the VR program charging indirect costs to the federal award in an unallowable manner for FYs 2007 through 2011. Additionally, NCBVI did not comply with federal cost principles governing the

equitable distribution of indirect costs among federal programs, including the VR program. As such, VR funds were not expended and accounted for properly, as required by 34 CFR 361.12 and 34 CFR 80.20(a). Hence, NCBVI has not complied with the requirement to properly administer the VR program (*Id.*). Further discussion regarding this issue revealed that NCBVI is working with the USDE Indirect Cost Group to submit a cost allocation plan for approval.

Corrective Action 4: NCBVI must:

- 4.1 cease charging indirect costs to any federal grant, including the VR grant, without the approval of a cost allocation plan or indirect cost rate that has been approved by USDE;
- 4.2 submit a proposal for a new indirect cost rate or cost allocation plan to USDE's Indirect Cost Group for review and approval in accordance with the federal cost principles and requirements set forth at 2 CFR 225. Any new approved indirect cost rate would be applicable for the current fiscal year or future years, as appropriate. Any new approved indirect cost rate would not be applied retroactively to prior years; and
- 4.3 submit a written assurance to RSA within 10 days after the final report is issued that NCBVI will submit timely indirect cost rate proposals and/or cost allocation plans for review and approval, and that only the approved rate or cost allocation plan shall be used in charging federal grants, as required by the federal cost principles at 2 CFR 225. In addition, NCBVI must assure that it will administer the program in a manner that ensures the proper expenditure and accounting of funds, as required by 34 CFR 361.12 and 34 CFR 80.12(a).

5. Unallowable Match for the VR Program

Legal Requirements:

- VR Program Regulations—34 CFR 361.60(a) and (b)
- EDGAR—34 CFR 80.24(a)

Finding:

NCBVI is not in compliance with VR regulations at 34 CFR 361.60 and 34 CFR 80.24 because it has utilized non-federal funds allocable to the IL Part B and OIB programs as match for the VR program.

The Nebraska Department of Administrative Services annually reports to NCBVI the amount of non-federal funds paid on its behalf through the Nebraska SWCAP. The entirety of these funds is reported on the SF-269 and SF-425 reports as non-federal share to match the VR program. Discussions with agency staff onsite determined that the SWCAP costs allocated to NCBVI represent the entire DSU, including all of the programs NCBVI administers: VR, IL Part B and OIB. As a result, NCBVI has not ensured an equitable distribution of indirect costs among federal programs.

VR regulations at 34 CFR 80.24 indicate that a matching or cost sharing requirement may be satisfied by utilizing allowable costs incurred by the grantee. The federal cost principles make it

clear that a cost is allowable if it is allocable to the federal award (2 CFR 225, Appendix A, paragraph C.1.b). IL Part B and OIB costs are not allocable to the VR program. Therefore, they are not allowable as match for the VR program. As a result, NCBVI's use of SWCAP costs allocable to the IL Part B and OIB programs as non-federal share to meet the VR program match requirement is not in compliance with regulations at 34 CFR 361.60 and 34 CFR 80.24.

Corrective Action 5: NCBVI must:

- 5.1 cease using SWCAP costs allocable to the IL Part B and OIB programs as match for the VR program;
- 5.2 submit a written assurance to RSA within 10 days after the final report is issued that NCBVI will ensure that all non-federal funds used as match for the VR program are allocable to the VR program, pursuant to 34 CFR 361.60 and 34 CFR 80.24; and
- 5.3 submit all SWCAP costs as part of the cost allocation plan/indirect cost proposal required for submission to USDE per corrective action 4.2 to ensure those costs receive an equitable allocation to the benefitting programs.

6. Program Income

Legal Requirements:

- EDGAR—34 CFR 80.21(f)(2)

Finding:

NCBVI is not in compliance with federal regulations at 34 CFR 80.21(f)(2) because it is not disbursing available program income prior to drawing down federal VR funds.

NCBVI's Social Security reimbursement VR program income is received through a state treasury account from which funds are accessed. NCBVI receives notification from the state treasury office that the program income has been received. The Nebraska State Accounting office, which executes the drawing down of federal funds, is also responsible for the payment of expenditures. NCBVI notifies state accounting when expenditures are to be paid and from which program, including VR, IL Part B, OIB and program income funds. The Social Security program income is spent on the VR program, as well as the IL Part B and OIB programs, with the intention that a portion of VR Social Security reimbursement program income is transferred to the IL Part B and OIB programs per 34 CFR 361.62(c)(2). Discussions with NCBVI staff members onsite, and a review of SF-269 and SF-425 data, revealed that during FYs 2008 through 2011 program income accumulated and was not disbursed prior to requesting additional cash draws from the federal VR award. Furthermore, the program income remains in one fund. However, the current methodology through which expenses are paid (using business units) does not permit the tracing of program income funds to the individual program. Therefore, it does not allow NCBVI to ensure that program income funds are disbursed prior to requesting additional cash draws from the VR, IL Part B, or OIB programs.

Regulations at 34 CFR 80.21(f)(2) require grantees to disburse program income prior to requesting additional cash payments. This means that NCBVI must disburse all program income prior to requesting a drawdown of additional VR funds from its federal award. Disbursement of program income may include the transfer of VR Social Security reimbursement program income the IL Part B or OIB programs. Since all program income has previously accumulated during the fiscal year, and currently all VR, IL Part B and OIB program income are combined into one fund without the ability to trace the program income down to the individual program level, NCBVI is unable to ensure that the program income is disbursed prior to requesting additional cash payments, pursuant to 34 CFR 80.21(f)(2). During the on-site visit RSA, NCBVI fiscal staff, and state accounting staff discussed TA and possible methods that would allow NCBVI to resolve this issue.

Corrective Action 6: NCBVI must:

- 6.1 cease requesting additional federal VR funds before disbursing program income; and
- 6.2 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that it will disburse program income before requesting additional cash payments, to comply with 34 CFR 80.21(f)(2).

7. Procurement

Legal Requirements:

- VR Program Regulations – 34 CFR 361.12
- EDGAR—34 CFR 80.20(a)
- EDGAR—34 CFR 80.36(a)

Finding:

NCBVI is not in compliance with 34 CFR 361.12, 34 CFR 80.20(a), and 34 CFR 80.36(a) because it has not followed the same policies and procedures the state uses for procurement from its non-federal funds to ensure financial accountability of federal funds.

The Nebraska Administrative Services Materiel Division annually sends NCBVI a letter authorizing the agency to spend an unlimited dollar amount to make direct purchases for client equipment, services and training. During the on-site visit discussions, NCBVI indicated that the exemption not only referenced spending authority but also exempted the agency from state procurement requirements. A follow up to the Administrator's office revealed that the letter did not in fact exempt the agency from following state procurement procedures, but exempted the agency from seeking approval from the Administrative Services office for those purchases. Discussions with NCBVI staff members during the onsite indicated that NCBVI has procured client services without following the state procurement guidelines. Examples were provided including the purchase of assistive technology equipment directly from a vendor or manufacturer without following the Administrative Services Deviation process to utilize a sole source vendor, or the solicitation of price quotations from multiple sources.

The State Plan must ensure that NCBVI employs methods of administration found necessary to ensure accurate data collection and financial accountability per 34 CFR 361.12. The federal procurement regulations at 34 CFR 80.36(a) indicate that grantees must follow the same policies and procedures that the state uses for procurements using non-federal funds. NCBVI's procurement of assistive technology devices that are not commensurate with the Nebraska Administrative Services Materiel Division's procurement policies is not compliant with 34 CFR 361.12, 34 CFR 80.20(a), and 34 CFR 80.36(a).

Corrective Action 7: NCBVI must:

- 7.1 cease procuring client services in a manner that is not in compliance with the Nebraska Administrative Services Materiel Division's procurement policies; and
- 7.2 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that it will follow the same policies and procedures the state uses for procurement from its non-federal funds pursuant to 34 CFR 361.12, 34 CFR 80.20(a), and 34 CFR 80.36(a).

8. Semi-Annual Certification

Legal Requirement:

Cost Principles—2 CFR 225, Appendix B, paragraph 8.h.3

Finding:

NCBVI is not in compliance with 2 CFR 225, Appendix B, paragraph 8.h.3 because it has not ensured that employees that work solely on a single federal award or cost objective provide periodic certifications that the employees worked solely on that program for the period covered by the certification.

NCBVI human resource staff e-mail a spreadsheet to all employees. Employees that work solely on one cost objective complete the spreadsheets and e-mail them back to human resources for entry into the state's timekeeping system. Guidance from the Cost Allocation Guide for State and Local Governments released by USDE's Indirect Cost Group defines specific requirements an agency must implement whereby an electronic system would suffice as a semi-annual certification. During the on-site visit NCBVI staff members provided a demonstration of the agency's intranet and how the spreadsheets are sent to the employees. A review of sample spreadsheets and the demonstration indicated that the spreadsheets allow for employees to enter their time in more than just one cost objective, allowing them to potentially code themselves to multiple programs. This process does not meet two of the three requirements outlined in the Cost Allocation Guide, specifically: the staff member's potential assignment to multiple programs/activities is not within the authority, function, or purview of the supervisor responsible for certifying payroll time and attendance; and the employee is coded to one dedicated function. As a result, NCBVI staff who work on one federal award or cost objective are not providing periodic semi-annual certifications that they work solely on one program, and the agency is not in compliance with 2 CFR 225, Appendix B, paragraph 8.h.3. After the on-site visit, NCBVI

informed RSA that it has implemented hard copy paper semi-annual certifications for individuals working solely on one cost objective.

Corrective Action 8: NCBVI must:

- 8.1 instruct employees that work solely on one cost objective to complete semi-annual certifications that the employees worked solely on that program for the period covered by the certification; and
- 8.2 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that all employees working on one cost objective will complete semi-annual certifications pursuant to 2 CFR 225, Appendix B, paragraph 8.h.3.

APPENDIX A: AGENCY RESPONSE

Section 5: Focus Areas

B. Transition Services and Employment Outcomes for Youth with Disabilities

Observation 5.B.1: Low Employment Outcomes for Transition-Age Youth

Recommendations 5.B.1: RSA recommends that NCBVI:

- 5.B.1.1 develop and implement a QA system to evaluate the efficiency and effectiveness of transition-age youth programs and their impact on the achievement of successful employment outcomes;
- 5.B.1.2 establish a benchmarking system to track progress throughout the transition years including but not limited to involvement in transition programs, continuation of education beyond high school, involvement in summer employment, and the achievement of competitive employment;
- 5.B.1.3 NCBVI should review cases for transition-age youth who did not achieve employment outcomes and identify strategies for improvement.

Agency Response:

- 5.B.1.1 NCBVI is working to expand the capabilities of its eForce client data tracking system so that it will serve as a QA system to evaluate the efficiency and effectiveness of transition-age youth programs and their impact on the achievement of successful employment outcomes. To date, eForce has not proven itself to be a reporting system. If the agency is unable to reprogram it to serve as such, NCBVI will identify ways to export our eForce data into another system which will generate needed reports. Either way, the system will be developed and will be implemented as soon as possible, to enable the agency to evaluate our transition-age youth programs in terms of efficiency and impact on enabling young client to achieve successful employment outcomes.
- 5.B.1.2 NCBVI will establish a benchmarking system to track progress of individual clients throughout the transition years including, but not limited to, involvement in transition programs, continuation of education beyond high school, involvement in summer employment, and the achievement of competitive employment. This will include time frames, services provided, programs in which the client participates, part-time employment experiences, post high school education, and other relevant markers.
- 5.B.1.3 NCBVI has already begun a thorough review of cases of transition-age youth who did not achieve employment outcomes. In each case, the agency is looking to identify what factors or issues were involved which may have impacted the unsuccessful outcome of the case. NCBVI will be working to identify and implement strategies which will improve the potential for more successful employment outcomes for the target population. NCBVI has also begun a process to examine cases, particularly those of transition-age clients, which are near the point of being closed without employment outcomes. In those situations, the Field Supervisor is meeting with the counselor first to assess the situation. The supervisor then meets with the client to discuss their case, the services, the individual's goals, and their perspectives about their future. It is hoped

that doing so will enable the agency to turn the case around, toward services which will lead to successful employment for the client.

Technical Assistance:

- 5.B.1.1 NCBVI does not request TA.
- 5.B.1.2 NCBVI requests TA in the area of developing a benchmarking system to track progress of individual clients throughout the transition years, toward achieving successful employment outcomes. The agency expects that the TACE will be able to assist it in developing such a system.
- 5.B.1.3 NCBVI does not request TA.

Section 6: Compliance Findings and Corrective Actions

Organizational Structure

1. DSU Participation on the Local Workforce Investment Boards (LWIBs)

Corrective Action 1: NCBVI must:

- 1.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that NCBVI will comply with 34 CFR 361.23(a)(5) and Section 117(b)(2)(A)(vi) of the Workforce Investment Act that states the mandatory federal partners be represented on the LWIBs; and
- 1.2 submit a plan, including timelines, describing the corrective actions that will be taken, to ensure NCBVI is represented on the Tri-County Workforce Investment Board (TCWIB).

Agency Response:

- 1.1 NCBVI assures that it will comply with 34 CFR 361.23(a)(5) and Section 117(b)(2)(A)(vi) of the WIA.
- 1.2 NCBVI has already contacted the TCWIB, about the need for us to be officially represented on the TCWIB, in order to comply with federal regulations and the WIA. NCBVI has received the application form from the TCWIB Executive Director. NCBVI will complete that application within the next 21 days, including a nomination from the NCBVI Deputy Director for VR Services, which will then be sent to the Omaha Mayor's office. The TCWIB has written to NCBVI that it will be officially recognized as a mandated member of the TCWIB and will be officially appointed to that Board as of July 1, 1012. NCBVI has been added to the Board Meeting invitation list, in expectation of the upcoming appointment. The TCWIB Executive Director has also stated that the NCBVI representative will continue to be a member of the TCWIB Youth Council.

Technical Assistance:

- 1.1 and 1.2 NCBVI does not request TA.

2. Written Policies on Individualized Plan for Employment (IPE)

Corrective Action 2: NCBVI must:

- 1.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that NCBVI will have plans, policies and procedures that provide for the development and approval of an IPE by the time each student determined eligible for VR services leaves the school setting, in compliance with 34 CFR 361.22(a)(2); and
- 2.2 submit a plan, including timelines, describing the corrective actions that will be taken to ensure NCBVI develops and implements policies and procedures that ensure IPEs will be developed and approved for students with disabilities by the time each student determined to be eligible for VR services leaves the school setting.

Agency Response:

- 2.1 NCBVI assures that it will develop written policies and procedures to ensure IPEs will be developed and approved for students with disabilities determined to be eligible for VR services by the time each student determined to be eligible for VR services leaves the school setting, in compliance with 34 CFR 361.22(a)(2).
- 2.2 NCBVI has begun to develop written policies and procedures that ensure IPEs will be developed and approved for students with disabilities by the time each student determined to be eligible for VR services leaves the school setting. The policies will be implemented within the next 60 days. NCBVI is considering the best approach to developing the timelines involved. Referrals from the schools come at different times, especially if a student becomes disabled or transfers into a Nebraska school district closer to the time of graduation or “aging out.” One option would be to require development of the IPE within three months following the last IEP meeting before exit from high school or exit from school (whichever comes first).

Technical Assistance:

- 2.1 NCBVI does not request TA.
- 2.2 NCBVI will request TA to assist with setting timelines for this requirement.

3. State Educational Agency (SEA) Agreement

Corrective Action 3: NCBVI must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that NCBVI revise its formal SEA agreement to provide for outreach to, and identification of, students with disabilities who are in need of transition services, in compliance with 34 CFR 361.22(b)(4); and
- 3.2 submit a plan, including timelines, describing the corrective actions that will be taken, for NCBVI to revise the existing formal interagency agreement with the SEA to provide for procedures for outreach to and identification of students with disabilities who are in need of transition services.

- 3.3 submit a revised SEA formal interagency agreement between NCBVI and the SEA for RSA's review as part of NCBVI's corrective actions associated with the FY 2012 Section 107 monitoring review.

Agency Response:

- 3.1 NCBVI assures RSA that the agency will comply with the procedures for outreach to and identification of students with disabilities who are in need of transition services in accordance with 34 CFR 361.22(b)(4); and
- 3.2 NCBVI will work to revise the existing formal interagency agreement with the SEA to provide for the procedures for outreach to and identification of students with disabilities who are in need of transition services. Contact with the SEA will be completed by May 11, 2012, including the request for response and a finalized agreement to be completed and signed by both parties by July 1, 2012.

Technical Assistance:

- 3.1 and 3.2 NCBVI does not anticipate the need for technical assistance unless there are difficulties in achieving agreement with the SEA on the working and the importance of this task. If that occurs, NCBVI will contact RSA and the TACE to request technical assistance in completing this corrective action.

Fiscal Findings

4. Improper Charging of Indirect Costs

Corrective Action 4: NCBVI must:

- 4.1 cease charging indirect costs to any federal grant, including the VR grant, without the approval of a cost allocation plan or indirect cost rate that has been approved by USDE;
- 4.2 submit a proposal for a new indirect cost rate or cost allocation plan to USDE's Indirect Cost Group (IDCG) for review and approval in accordance with the federal cost principles and requirements set forth at 2 CFR 225. Any new approved indirect cost rate would be applicable for the current fiscal year or future years, as appropriate. Any new approved indirect cost rate would not be applied retroactively to prior years; and
- 4.3 submit a written assurance to RSA within 10 days after the final report is issued that NCBVI will submit timely indirect cost rate proposals and/or cost allocation plans for review and approval, and that only the approved rate or cost allocation plan shall be used in charging federal grants, as required by the federal cost principles at 2 CFR 225. In addition, NCBVI must assure that it will administer the program in a manner that ensures the proper expenditure and accounting of funds, as required by 34 CFR 361.12 and 34 CFR 80.12(a).

Agency Response:

- 4.1 NCBVI has started to move some of the costs to other grants immediately. The USDE IDCG is aware of the issue and is working with NCBVI to develop an appropriate cost allocation plan for the Agency. NCBVI will proceed with putting together a plan and the official plan will be implemented as soon as approved. The agency must establish which costs, if any, are indirect costs, under the definition of indirect costs in the 2 CFR 225 reasonably established clause.
- 4.2 NCBVI is in the process of developing a proposal for a new indirect cost rate or cost allocation plan to submit to USDE's IDCG for review and approval in accordance with the federal cost principles and requirements set forth at 2 CFR 225. Any new approved indirect cost rate (IDCR) will be applicable from that point forward. Any new approved IDCR would not be applied retroactively to prior years.
- 4.3 NCBVI assures that, once the submitted plan is approved by USDE's IDCG, the agency will submit timely IDCR proposals and/or cost allocation plans for review and approval, and that only the approved rate or cost allocation plan shall be used in charging federal grants, as required by the federal cost principles at 2 CFR 225. In addition, NCBVI assures that it will administer the program in a manner that ensures the proper expenditure and accounting of funds, as required by 34 CFR 361.12 and 34 CFR 80.12(a).

Technical Assistance:

NCBVI does not request TA.

5. Unallowable Match for the VR Program

Corrective Action 5: NCBVI must:

- 5.1 cease using SWCAP costs allocable to the IL Part B and OIB programs as match for the VR program;
- 5.2 submit a written assurance to RSA within 10 days after the final report is issued that NCBVI will ensure that all non-federal funds used as match for the VR program are allocable to the VR program, pursuant to 34 CFR 361.60 and 34 CFR 80.24; and
- 5.3 submit all SWCAP costs as part of the cost allocation plan/indirect cost proposal required for submission to USDE per corrective action 4.2 to ensure those costs receive an equitable allocation to the benefitting programs.

Agency Response:

- 5.1 NCBVI acknowledges this finding which is directly related to Finding 4. The agency will allocate a portion of SWCAP costs to the IL Older Blind and Part B grants based on the formula established in its cost allocation plan. The agency will cease using SWCAP costs exclusively as match for the VR program.
- 5.2 The agency assures that it will allocate costs based on the plan submitted and approved in Corrective Action step 4.2. All non-federal funds used as match for the VR program will be allocable to the VR program, pursuant to 34 CFR 361.60 and 34 CFR 80.24.

- 5.3 The agency will allocate all SWCAP costs proportionally to all grants, based on the cost allocation plan.

Technical Assistance:

NCBVI does not request TA.

6. Program Income

Corrective Action 6: NCBVI must:

- 6.1 cease requesting additional federal VR funds before disbursing program income; and
- 6.2 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that it will disburse program income before requesting additional cash payments, to comply with 34 CFR 80.21(f)(2).

Agency Response:

- 6.1 NCBVI has ceased requesting additional federal VR funds before disbursing program income funds. A tracking system has been put in place to monitor the spend-down of program income.
- 6.2 NCBVI assures that it has a process in place to monitor program income funds so that federal grant funds will not be drawn prior to spending program income funds, ensuring compliance with 34 CFR 80.21(f)(2).

Technical Assistance:

NCBVI does not request TA.

7. Procurement

Corrective Action 7: NCBVI must:

- 7.1 cease procuring client services in a manner that is not in compliance with the Nebraska Administrative Services Materiel Division's procurement policies; and
- 7.2 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that it will follow the same policies and procedures the state uses for procurement from its non-federal funds pursuant to 34 CFR 361.12, 34 CFR 80.20(a), and 34 CFR 80.36(a).

Agency Response:

- 7.1 NCBVI assures that it will procure client services only in a manner that is in compliance with the Nebraska Administrative Services Materiel Division’s procurement policies. Goods purchased for a cost in excess of \$10,000 must and do have three (3) price quotes. For purchase of items under \$10,000, the Materiel Division’s Purchasing Manual states that quotations are encouraged, but not required. An “Unrestricted Open Market Purchase Authority” memo states that if a contract is not available, and the purchase amount is between \$2,000 and \$9,999.99, agencies are to solicit 3 informal bids from vendors who provide the commodity. This memo was issued to “All Agencies, Boards and Commissions.” In contrast, the Department of Administrative Services issues a letter specifically to NCBVI each year, which states that we are “authorized to expend an unlimited dollar amount to make direct purchases for client equipment, services, and training.” There is no requirement for or reference to bids or dollar amounts in this letter. NCBVI has considered this to be the authority to follow. We assure that we will pursue clarification and that NCBVI will comply with the procurement policy determined to supersede all others.
- 7.2 NCBVI assures that we will follow the same policies and procedures the state uses for procurement from its non-federal funds pursuant to 34 CFR 361.12, 34 CFR 80.20(a), and 34 CFR 80.36(a).

RSA Response: As part of the on-site follow up activities, RSA contacted an advisor at the Nebraska Department of Administrative Services Materiel Division with respect to the Direct Market Purchase Authority Letter (“Unrestricted Open Market Purchase Authority”), the State of Nebraska Agency Procurement Manual for Commodities and Goods (reference Section III.A regarding Direct Market Purchase Authority), and the Department of Administrative Services spending authority exemption memo issued to NCBVI. A comparison between the Direct Market Purchase Authority Letter and the State of Nebraska Agency Procurement Manual for Commodities and Goods (reference Section III.A regarding Direct Market Purchase Authority) indicated a discrepancy in the language in which the State of Nebraska Agency Procurement Manual for Commodities and Goods indicates agencies are "encouraged" to secure at least 3 bids, while the Direct Purchase Authority letter issued to NCBVI indicates that "agencies are to solicit 3 informal bids." The Department of Administrative Services advisor confirmed that the correct protocol is outlined in the Direct Market Purchase Authority letter issued to NCBVI in which agencies are to solicit three informal bids. The advisor also confirmed that the spending authority exemption letter to expend an unlimited dollar amount for direct client purchases of equipment, services, and training does not exempt NCBVI from Nebraska procurement guidelines, and three informal bids are required per the language in the Direct Market Purchase Authority letter.

Technical Assistance:

NCBVI does not request TA.

8. Semi-Annual Certification

Corrective Action 8: NCBVI must:

- 8.1 instruct employees that work solely on one cost objective to complete semi-annual certifications that the employees worked solely on that program for the period covered by the certification; and
- 8.2 submit a written assurance to RSA within 10 days of the issuance of the final monitoring report to ensure that all employees working on one cost objective will complete semi-annual certifications pursuant to 2 CFR 225, Appendix B, paragraph 8.h.3.

Agency Response:

NCBVI has changed its procedure to conform with federal requirements and to comply with semi-annual certification of employee time for those employees who work for only one cost objective program. The new procedure was implemented for the time period covering two semi-annual periods: October 1, 2010 through March 31, 2011 and April 1, 2011 through September 30, 2011. The certifications were forwarded to RSA.

- 8.1 Employees who work for one cost objective now certify their hours at least semi-annually. First Certifications were submitted for the six months ending March 31, 2011.
- 8.2 NCBVI assures that semi-annual certifications started in October of 2010 will be submitted in a timely manner for all employees who are expected to work solely for one cost objective in compliance with 2 CFR 225, Appendix B, paragraph 8.h.3.

RSA Response:

USDE's IDCG issued a guidance document titled Cost Allocation Guide for State and Local Governments, which indicated that:

“In some circumstances, the requirement for a semi-annual certification may be achieved through certain payroll coding and time and attendance certifications. For example, if (1) employees work in a dedicated function (i.e., on a single cost objective); (2) their potential assignment to multiple programs/activities is not within the authority, function, or purview of the supervisor responsible for certifying payroll time and attendance; and (3) the employee is coded to one dedicated function..”

NCBVI and RSA discussed the use of payroll coding and time and attendance certifications via use of a spreadsheet. NCBVI has submitted documentation to RSA for review. However, RSA reiterates that in order for the spreadsheet to meet the semi-annual certification requirement, all three of the requirements identified above must be met.

Technical Assistance:

NCBVI does not request TA.

APPENDIX B: LEGAL REQUIREMENTS

This Appendix contains the full text of each legal requirement cited in Section 6 of this report.

1. Workforce Investment Act
2. Rehabilitation Act of 1973, as amended
3. VR program regulations
4. Education Department General Administrative Regulations (EDGAR)
5. OMB circulars as cited in the CFR
6. Guidance from the Federal Register
7. RSA subregulatory issuances (policy directives, technical assistance circulars)

Workforce Investment Act

Section 117(b)(2)(A)(vi)

- (a) Membership—
- (1) State criteria—The Governor of the State, in partnership with the State board, shall establish criteria for use by chief elected officials in the local areas for appointment of member of the local board in such local areas in accordance with the requirements of paragraph (2).
 - (2) Composition—Such criteria shall require, at a minimum, that membership of each local board—
 - (A) shall include—

(vi) representatives of each of the one-stop partners.

Vocational Rehabilitation Program Regulations

34 CFR 361.12

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 361.22(a)(1)

- (a) Plans, policies and procedures.
- (1) The State plan must contain plans, policies, and procedures for coordination between the designated state agency and education officials responsible for the public education of students with disabilities that are designed to facilitate the transition of students with

disabilities from the receipt of education services in school to the receipt of vocational rehabilitation services under the responsibility of the designated State agency.

34 CFR 361.22(a)(2)

- (a) Plans, policies and procedures.
- (2) These plan, policies, and procedures in paragraph (a)(1) of this section must provide for the development and approval of an individualized plan for employment in accordance with 361.45 as early as possible during the transition planning process but, at the latest, by the time the student determined to be eligible for vocational rehabilitation services leaves the school setting, or, if the designated State unit is operating under an order of selection, before each eligible student able to be service under the order leaves the school setting.

34 CFR 361.22(b)(4)

- (b) Formal interagency agreement.
- (4) Procedures for outreach to and identification of students with disabilities who are in need of transition services. Outreach to these students should occur as early as possible during the transition planning process and must include, at a minimum, a description of the purpose of the vocational rehabilitation program, eligibility requirements, application procedures, and scope of services that may be provided to eligible individuals.

34 CFR 361.23

- (a) Responsibilities as a partner of the One-Stop System. As a required partner in the One-Stop service delivery system (which is part of the statewide workforce investment system under Title I of the Workforce Investment Act of 1998), the designated state unit must carry out the following functions consistent with the Act, this part, Title I of the Workforce Investment Act of 1998, and the regulations in 20 CFR part 662:

- (5) Provide representation on the Local Workforce Investment Board under section 117 of the Workforce Investment Act of 1998.

34 CFR 361.60

- (a) Federal share.
 - (1) General. Except as provided in paragraph (a)(2) of this section, the Federal share for expenditures made by the State under the State plan, including expenditures for the provision of vocational rehabilitation services and the administration of the State plan, is 78.7 percent.
 - (2) Construction projects. The Federal share for expenditures made for the construction of a facility for community rehabilitation program purposes may not be more than 50 percent of the total cost of the project.
- (b) Non-Federal share.

- (1) General. Except as provided in paragraph (b)(2) and (3) of this section, expenditures made under the State plan to meet the non-Federal share under this section must be consistent with the provisions of 34 CFR 80.24.

EDGAR Program Regulations

34 CFR 80.20(a)

- (a) A state must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

34 CFR 80.21(f)(2)

- (f) Effect of program income, refunds, and audit recoveries on payment shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.
 - (2) Except as provided in paragraph (f)(1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

34 CFR 80.24

- (a) Basic rule: Costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:
 - (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.

34 CFR 80.36(a)

When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

Federal Cost Principles

2 CFR 225, Appendix A, B.1, B.15, & F.1

B. Definitions

1. "Approval or authorization of the awarding or cognizant Federal agency" means documentation evidencing consent *prior* to incurring a specific cost. If such costs are specifically identified in a Federal award document, approval of the document constitutes approval of the costs. If the costs are covered by a State/local-wide cost allocation plan or an indirect cost proposal, approval of the plan constitutes the approval. (emphasis added)

15. "Indirect cost rate proposal" means the documentation prepared by a governmental unit or component thereof to substantiate its request for the establishment of an indirect cost rate as described in Attachment E of this Circular.

F. Indirect Costs

1. General. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

2 CFR 225, Appendix B, paragraph 8.h.3

- 8.h.3 Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

2 CFR 225, Appendix E, paragraphs D.1, E.1 & F.5

D. Submission and Documentation of Proposals.

1. Submission of indirect cost rate proposals.
 - a. All departments or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in the Common Rule. (emphasis added)
 - b. A governmental unit for which a cognizant agency assignment has been specifically designated must submit its indirect cost rate proposal to its cognizant agency.
 - d. Indirect cost proposals must be developed (and, when required, submitted) within six months after the close of the governmental unit's fiscal year, unless an exception is approved by the cognizant Federal agency. If the proposed central service cost allocation plan for the same period has not been approved by that time, the indirect cost proposal may be prepared including an amount for central services that is based on the latest federally-approved central service cost allocation plan. The difference between these central service amounts and the amounts ultimately approved will be compensated for by an adjustment in a subsequent period.

E. Negotiation and Approval of Rates.

1. Indirect cost rates will be reviewed, negotiated, and approved by the cognizant Federal agency on a timely basis.

F. Other Policies.

5. Collection of unallowable costs and erroneous payments. Costs specifically identified as unallowable and charged to Federal awards either directly or indirectly will be refunded (including interest chargeable in accordance with applicable Federal agency regulations).