

**FISCAL YEAR 2012  
MONITORING REPORT  
ON THE  
WYOMING DIVISION OF  
VOCATIONAL REHABILITATION  
VOCATIONAL REHABILITATION  
PROGRAM**



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

**APRIL 10, 2012**

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# SECTION 1: EXECUTIVE SUMMARY

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## 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 Wyoming Division of Vocational Rehabilitation (DVR) 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 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 December 5 through 9, 2011, is described in detail in the FY 2012 Monitoring and Technical Assistance Guide for the Vocational Rehabilitation Program located at: <http://www.ed.gov/rschstat/eval/rehab/107-reports/2011/monitoring-and-technical-assistance-guide.doc> or, [www.ed.gov/rschstat/eval/rehab/107-reports/2011/monitoring-and-technical-assistance-guide.pdf](http://www.ed.gov/rschstat/eval/rehab/107-reports/2011/monitoring-and-technical-assistance-guide.pdf)

## EMERGING PRACTICES

Through the course of its review, RSA collaborated with DVR, the State Rehabilitation Council (SRC), 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.

### **Transition**

- Transition counselors in DVR utilize Google Groups to provide the opportunity to come together online, in one place to communicate, brainstorm ideas, collaborate and post information that will be useful to all transition counselors.

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

## **SUMMARY OF OBSERVATIONS**

RSA's review of DVR 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**

- While the number of DVR transition-age youth achieving employment outcomes remained relatively stable for the period beginning in FY 2006 and ending in FY 2010, the attrition of these individuals during various stages of the VR process increased and resulted in a decreased employment rate over the same period.

## **SUMMARY OF COMPLIANCE FINDINGS**

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

- DVR does not meet its established time standard pertaining to the development of the individualized plan for employment (IPE) for transition-age youth determined eligible for VR services.
- DVR's interagency agreement with the Wyoming Department of Education does not include all required elements.
- DVR did not disburse all program income prior to requesting the drawdown of additional federal funds.
- DVR does not conduct periodic certifications for employees working solely on the VR program.
- The expenditure of VR program funds on costs incurred under contracts with the non-profit operator of the Wyoming business leadership network are not allowable and/or allocable to the VR program to the degree that such funds were not used to provide VR services to program applicants and eligible individuals, or to benefit groups of individuals with disabilities. In addition, the non-federal expenditures incurred in connection with

such expenditures are not a permissible source of match for the VR program to the extent that the expenditures are not either allowable under, and/or allocable to, the program.

- DVR does not monitor its contracts to ensure that grant-supported activities performed by the contractors comply with applicable federal requirements and that performance goals are achieved.

## **DEVELOPMENT OF THE TECHNICAL ASSISTANCE PLAN**

RSA will collaborate closely with DVR and the Region 8 TACE to develop a plan to address the technical assistance needs identified by DVR in Appendix A of this report. RSA, DVR and the TACE will conduct a teleconference within 60 calendar days following the publication of this report to discuss the details of the technical assistance needs, identify and assign specific responsibilities for implementing technical assistance and establish initial timeframes for the provision of the assistance. RSA, DVR and 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 Larry Vrooman, David Wachter, and Melissa Diehl (Vocational Rehabilitation Program Unit); James Billy, Suzanne Mitchell, and Janette Shell (Technical Assistance Unit); Yann-Yann Shieh (Data Collection and Analysis Unit); and Tanielle Chandler (Fiscal 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 DVR for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of the SRC, 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 VR 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 DVR. 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 trends. In addition, the data in Table 2.1 measure performance based on individuals who exited the VR program during federal fiscal year 2006 through 2010. Consequently, the table and accompanying analysis do not provide information derived from DVR open service records including that related to current applicants, individuals who have been determined eligible and those who are receiving services. DVR 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  
DVR Program Performance Data for FY 2006 through 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	1,640	1,828	1,824	2,007	2,262	622	281,286
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	37.9%	100.0%
Exited as an applicant	Number	347	326	285	406	453	106	47,487
	Percent	21.2%	17.8%	15.6%	20.2%	20.0%	30.5%	16.9%
Exited during or after trial work experience/extended evaluation	Number	0	0	0	0	0	0	1,708
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		0.6%
TOTAL NOT DETERMINED ELIGIBLE	Number	347	326	285	406	453	106	49,195
	Percent	21.2%	17.8%	15.6%	20.2%	20.0%	30.5%	17.5%
Exited without employment after IPE, before services	Number	0	5	4	4	10	10	5,824
	Percent	0.0%	0.3%	0.2%	0.2%	0.4%		2.1%
Exited from order of selection waiting list	Number	0	0	0	0	0	0	1,390
	Percent	0.0%	0.0%	0.0%	0.0%	0.0%		0.5%
Exited without employment after eligibility, before IPE	Number	372	470	492	520	660	288	68,696
	Percent	22.7%	25.7%	27.0%	25.9%	29.2%	77.4%	24.4%
TOTAL EXITED AFTER ELIBIBILITY, BUT PRIOR TO RECEIVING SERVICES	Number	372	475	496	524	670	298	75,910
	Percent	22.7%	26.0%	27.2%	26.1%	29.6%	80.1%	27.0%
Exited with employment	Number	670	696	699	705	639	-31	78,860
	Percent	40.9%	38.1%	38.3%	35.1%	28.2%	-4.6%	28.0%
Exited without employment	Number	251	331	344	372	500	249	77,321
	Percent	15.3%	18.1%	18.9%	18.5%	22.1%	99.2%	27.5%

<b>All Individual Cases Closed</b>	<b>Number, Percent, or Average</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Change from 2006 to 2010</b>	<b>Agency Type 2010</b>
TOTAL RECEIVED SERVICES	Number	921	1,027	1,043	1,077	1,139	218	156,181
	Percent	56.2%	56.2%	57.2%	53.7%	50.4%	23.7%	55.5%
EMPLOYMENT RATE	Percent	72.75%	67.77%	67.02%	65.46%	56.10%	-22.88%	50.49%
Transition age youth	Number	355	428	470	558	567	212	100,116
	Percent	21.6%	23.4%	25.8%	27.8%	25.1%	59.7%	35.6%
Transition aged youth employment outcomes	Number	144	151	152	176	156	12	27,745
	Percent	21.5%	21.7%	21.7%	25.0%	24.4%	8.3%	35.2%
Competitive employment outcomes	Number	661	687	689	696	624	-37	73,995
	Percent	98.7%	98.7%	98.6%	98.7%	97.7%	-5.6%	93.8%
Supported employment outcomes	Number	81	57	48	77	58	-23	7,004
	Percent	12.1%	8.2%	6.9%	10.9%	9.1%	-28.4%	8.9%
Average hourly wage for competitive employment outcomes	Average	\$10.37	\$10.90	\$11.34	\$11.71	\$12.40	\$2.02	\$11.33
Average hours worked for competitive employment outcomes	Average	31.8	32.2	31.2	31.3	30.7	-1.1	31.4
Competitive employment outcomes at 35 or more hours per week	Number	378	413	386	391	332	-46	38,784
	Percent	56.4%	59.3%	55.2%	55.5%	52.0%	-12.2%	49.2%
Employment outcomes meeting SGA	Number	468	480	468	482	428	-40	48,900
	Percent	69.9%	69.0%	67.0%	68.4%	67.0%	-8.5%	62.0%
Employment outcomes with employer-provided medical insurance	Number	224	236	211	199	163	-61	18,791
	Percent	33.4%	33.9%	30.2%	28.2%	25.5%	-27.2%	23.8%

## **VR Performance Trends**

### **Positive Trends**

As shown in Table 2.1, DVR demonstrated positive trends in performance related to the provision of services to, and outcomes achieved by, transition-age youth and the average hourly wage earned by all individuals who obtained competitive employment outcomes. The percentage of transition-age youth served by DVR increased from 21.6 percent in FY 2006, to 25.1 percent in FY 2010, demonstrating continued progress toward the national combined agency average of 35.6 percent in FY 2010. In addition, employment outcomes achieved by transition-age youth increased slightly from 21.5 percent in FY 2006 to 24.4 percent in FY 2010. The average wage for all individuals who achieved an employment outcome rose by \$2.02 from \$10.37 in FY 2006, to \$12.40 in FY 2010, slightly above the national average of \$11.33 for combined agencies.

DVR maintained performance above the national average in several areas. The percentage of those whose earnings were above the threshold of substantial gainful activity as defined by the Social Security Administration remained relatively stable from FY 2006 to FY 2010, above the national average of 62 percent. The percentage of individuals with competitive employment outcomes working 35 hours or more in FY 2010 was 52 percent compared to the national average for combined agencies of 49.2 percent. In summary, DVR performed better than the national average on a number of indicators RSA generally uses to measure the quality of employment outcomes.

### **Trends Indicating Potential Risk to the Performance of the VR Program**

During the five-year period between FY 2006 and FY 2010, DVR experienced several trends that indicate potential risk to VR program performance. The percentage of individuals who were determined eligible but exited the VR program prior to receiving services increased from 22.7 percent in FY 2006, to 29.6 percent in FY 2010, slightly higher than the national combined agency average of 29.0 percent in FY 2010. The percentage of individuals who received VR services from DVR under an individualized plan for employment (IPE) decreased from 56.2 percent in FY 2006, to 50.3 percent in FY 2010, lower than the national average for combined VR agencies of 55.5 percent.

DVR experienced a significant overall decline in the percentage of individuals who achieved an employment outcome in the five years charted in Table 2.1. Total employment outcomes decreased from 40.9 percent in FY 2006, to 28.2 percent in FY 2010. The overall percentage of eligible individuals who did not achieve successful employment increased from 15.3 percent in FY 2006, to 22.1 percent in FY 2010, though this percentage remained below that for all combined agencies as shown above. As demonstrated in Table 2.1, the percentage of all individuals who received services under an IPE that exited with employment declined from 72.75 percent in FY 2006, to 56.10 percent in FY 2010, although this remains above the 50.9 percent average for all combined agencies in that year. Similarly, a decrease occurred in the percentage of individuals who received employer-provided medical benefits from 33.4 percent in

FY 2006, to 25.5 percent in FY 2010. Both figures, however, remain slightly above the averages for all combined agencies in FY 2010.

Throughout the course of the review, RSA discussed with DVR both the positive performance trends and those that posed potential risk to the VR program. DVR indicated its intent to conduct further analyses to determine the factors contributing to its performance related to the number and percentage of individuals exiting the VR service delivery system following application, the total number and percentage of individuals not determined eligible, and the total number and percentage of individuals exiting after eligibility prior to receiving services. DVR cited several explanations for the performance trends, including:

- premature referrals;
- lack of timely IPE development;
- delays in vocational assessment associated with restrictive policies related to professional qualifications of medical and psychological assessment providers, resulting in a dearth of such providers;
- the loss of transition coordinator positions in many local school districts;
- a recurring vacancy in the DVR transition consultant position; and
- the large geographic areas that must be covered by limited numbers of VR counselors serving transition-age students.

RSA and DVR were in agreement that continued analysis of variables that may contribute to individuals exiting from the VR program at various points in the service delivery process may assist the agency to serve more individuals and improve its employment rate.

## **Fiscal Analysis**

The Agency Fiscal Profile data are based on the SF-269 and SF-425 reports submitted by the agency.

## Fiscal Analysis

**Table 2.2**  
**Wyoming 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	8,519,853	9,058,438	8,832,136	8,912,009	8,920,659
	Latest/ Final*	8,519,823	9,058,438	8,832,163	8,912,009	
Total outlays	4th	10,276,811	11,120,106	10,871,093	11,324,027	11,269,562
	Latest/ Final*	10,276,811	11,224,028	10,897,575	11,236,813	
Total unliquidated obligations	4th	1,800,334	1,830,893	1,650,130	1,735,818	1,709,406
	Latest/ Final*	-	-	-	-	
Federal Share of Total Outlays	4th	6,967,145	7,617,525	7,533,511	7,540,517	7,423,281
	Latest/ Final*	8,087,850	8,833,310	8,576,392	8,843,372	
Federal share of unliquidated obligations	4th	1,416,863	1,440,913	1,298,652	1,371,492	1,445,864
	Latest/ Final*	-	-	-	-	
Total federal share	4th	8,384,008	9,058,438	8,832,163	8,912,009	8,869,145
	Latest/ Final*	8,087,850	8,833,310	8,576,392	8,843,372	
Recipient funds	4th	1,885,644	2,061,668	2,038,930	2,412,018	2,400,417
	Latest/ Final*	2,188,961	2,390,718	2,321,183	2,393,441	
Recipient share of unliquidated obligations	4th	383,471	389,980	351,478	364,326	263,542
	Latest/ Final*	-	-	-	-	
Agency actual match (total recipient share)	4th	2,269,115	2,451,648	2,390,408	2,412,018	2,400,417
	Latest/ Final*	2,188,961	2,390,718	2,321,183	2,393,441	
Agency required match	4th	1,885,644	2,061,668	2,038,930	2,040,826	2,009,096
	Latest/ Final*	2,188,961	2,390,718	2,321,184	2,393,441	
Over/under match	4th	-383,471	-389,980	-351,478	-371,192	-391,321
	Latest/ Final*	0	0	1	0	
MOE**	4th					
	Latest/ Final*			2,321,183	2,393,441	
Unobligated funds qualifying for carryover	4th	135,845	0	0	0	51,514
	Latest/ Final*	432,003	225,128	225,771	68,637	
Total program income realized	4th	110,517	88,124	72,876	255,853	115,708
	Latest/ Final*	110,517	88,124	72,876	255,853	
Total indirect costs	4th	683,209	978,580	777,219	632,772	980,233
	Latest/ Final*	670,229	965,477	770,185	627,461	

\*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 FY 2007 through FY 2011. Based on the data in the table above, the agency met its match requirement in each of the years reviewed using state appropriations. The agency's carry-over increased from \$135,845 in FY 2007 to \$432,003 in FY 2008, representing an increase from 1.6 percent to 5 percent of the total federal award. For FY 2007 through FY 2011, the agency continued to report large amounts of carry-over after the fourth quarter. Carry-over levels fluctuated from a low of \$68,637 in FY 2010 to a high of \$432,003 in FY 2007. The agency reported both liquidated non-federal and federal funds with \$0 in unliquidated obligations in either category from FY 2007 through FY 2011. The agency met its maintenance of effort requirements, both as an agency and on a statewide basis for the period reviewed.

## SECTION 3: EMERGING PRACTICES

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While conducting the monitoring of the VR program, the review team collaborated with DVR, the SRC, the TACE, and agency stakeholders to identify emerging practices in the following areas:

- strategic planning;
- program evaluation and quality assurance practices;
- financial management;
- human resource development;
- transition;
- the partnership between the VR agency and SRC;
- the improvement of employment outcomes, including supported employment 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.

### TRANSITION

To enhance communication and the exchange of information related to the provision of transition services in a state where the vast geographic area inhibits regular face-to-face interaction, DVR permits its transition counselors to use Google Groups. This method of communication provides counselors in all areas of Wyoming the opportunity to come together online to communicate confidentially and securely, making the best use of available resources to better provide services to individuals receiving VR services. Google Groups allows counselors to communicate and post important information, new legislation or other pertinent information that is useful to all counselors. Counselors discuss how issues and challenges are addressed in different areas, brainstorm ideas and share techniques for providing services when working with schools, communities and colleges.

Additionally, the high demand on each individual counselor's time makes conference calling difficult to coordinate and Google Groups offers an effective alternative. Its e-mail notification allows the counselors to follow discussions and respond in their own time.

To ensure confidentiality, Google Groups is password protected and accessible to Wyoming VR counselors by invitation only, requiring permission to add a member to the group. As a further

security measure, counselors do not reveal any specific personally identifiable information regarding individuals receiving services.

A complete description of the practice described above can be found on the RSA website at <http://rsa.ed.gov/emerging-practices.cfm>.

## **SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES**

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During its review of the VR and SE programs in federal FY 2012, RSA assessed progress toward the implementation of recommendations accepted by DVR resulting from the prior monitoring review in FY 2007 and the resolution of compliance findings from that review. Appendix A of this report indicates whether or not the agency has requested additional technical assistance to enable it to implement any outstanding prior accepted recommendations and to resolve outstanding compliance findings.

### **RECOMMENDATIONS**

In response to RSA's monitoring report dated October 5, 2007, for federal fiscal year 2007, DVR accepted the recommendations listed in the following section, including a brief summary of the agency's progress toward implementation of each recommendation.

#### **1. Improve access to services, service delivery, and the achievement of employment outcomes for youth with disabilities**

- 1.1 Develop benchmarks for measuring DVR performance in increasing access, providing services and assisting youth with disabilities to achieve employment outcomes.
- 1.2 DVR and Wyoming Department of Education (DOE) will develop a joint strategy in order to improve collaboration at state and local levels.
- 1.3 DVR will review local VR office Performance in order to determine successful models for working with local school districts.
- 1.4 DVR will hire a transition consultant to lead the transition effort, develop consistent VR policies, provide training to DVR and school special education staff members, and to serve as a focal point for initiating improvements.
- 1.5 DVR will shift counselor responsibilities in order to develop transition expertise in each of the regions.
- 1.6 VR counselors with transition expertise will work with the transition consultant in implementing a statewide strategy for improving agency performance.

**Status:** DVR established a State Plan goal to increase referrals of transition-age youth by five percent as a measure of DVR performance in increasing access and providing services to youth to achieve employment outcomes. From FY 2006 to FY 2010, the number of service records closed for transition-age youth has increased significantly, as seen in Section 5, Table 5.1. The number of students determined not eligible for VR services and the number of students exiting the program before receiving services are a large portion of that increase. Based upon this information, access to services by transition-age youth has not improved (See Observation 5.B.1).

DVR has employed three successive transition consultants since the last review, the first of whom focused upon the identification of best practices in transition services among DVR offices. However, adoption of these best practices is not consistent across districts. Subsequent consultants had little impact due to short periods of employment. Currently, the position of transition consultant is vacant. DVR indicated that one factor in the turnover in this position is

the minimal increase in pay for the transition consultant when compared to the pay of a counselor. Administrators are developing strategies that will promote the employment of a qualified transition consultant who will remain in the position long-term.

The interagency agreement between DVR and the DOE contains strategies to improve collaboration at state and local levels. However, the MOU is not binding on the 48 local school districts in the state.

## **2. Improve service delivery and the achievement of employment outcomes, particularly SE, for individuals with Severe and Persistent Mental Illness (SPMI)**

- 2.1 Finalize and implement the draft DVR and Wyoming Division of Behavioral Health (DBH) interagency agreement in order to improve the coordination of VR and MH services in the state.
- 2.2 Develop and implement a joint DVR and DBH strategy to improve VR-MH collaboration at state and local levels.
- 2.3 Develop and implement an MOU between DVR and the Central Wyoming Counseling Center (CWCC).
- 2.4 Use the MOU between DVR and the CWCC as a model for other parts of the state.
- 2.5 Develop benchmarks for measuring DVR performance in assisting individuals with SPMI to achieve employment outcomes, particularly in SE.

**Status:** DVR completed an MOU with the DBH but no county mental health center has joined in this agreement. In addition, DVR has not been able to develop MOUs directly with any county mental health center. Each county mental health center provides services within a specific, unique treatment framework and philosophy that may not incorporate employment in its program. Funding issues also may promote concerns about entering into an agreement that could impact use of program funds. DVR has established a positive working relationship with residential substance abuse treatment programs to provide vocational services to individuals in treatment.

## **3. Develop and implement an integrated quality assurance (QA) system**

- 3.1 Document DVR's current procedures for maintaining compliance with the federal requirements, for measuring performance, and for disseminating the results of these collections.
- 3.2 Explore strategies for developing a comprehensive QA system.
- 3.3 Develop a strategy leading to the development of a comprehensive QA system.

**Status:** DVR participated in a pilot QA demonstration initiative from RSA to work with the University of Utah on exploring QA models and developing a strategy to establish a comprehensive QA system. DVR indicated this pilot was instrumental in assisting the agency to define quality in objective and measurable terms that have improved their QA efforts. DVR currently has a QA system in place that incorporates formal levels of review and has a designated staff person to oversee QA efforts.

The RSA team learned that DVR does not track program success, vendor effectiveness and specific information about counselor caseloads. DVR indicated that the electronic case management system is outdated and cumbersome to manipulate, inhibiting the ability to readily track useful data. DVR also expressed a need for greater facility in working with RSA MIS data to augment their own data system. As a result, DVR's performance monitoring efforts are limited primarily to monitoring of the RSA Standards and Indicators.

Wyoming has implemented a statewide information technology (IT) team that reviews all requests for any updates to or procurement of new IT equipment and the RSA team was advised that the governor has suspended the purchase of any new technology. As a result, DVR has not been successful in seeking improvements and updates, and must continue to use its current case management system.

#### **4. Improve the effectiveness of the SRC**

- 4.1 DVR will provide ongoing support to the SRC in order to ensure it is able to fulfill its functions.
- 4.2 DVR and the SRC will develop an effective strategy for assessing consumer satisfaction both while the individual is receiving services, as well as upon closure.
- 4.3 SRC will take responsibility for directing its budget.
- 4.4 SRC will partner with DVR in the quarterly Employer Awards.

**Status:** The Wyoming SRC has new members that bring expertise in services to transition-age youth, vocational rehabilitation counseling and business. The infusion of new members has energized the council and made it stronger. The council is reviewing its committee structure and is setting goals to ensure that it performs required duties. The SRC Review Committee actively reviews the State Plan as well as policy formulation and revision.

#### **5. Obtain additional on-going program match from allowable sources**

- 5.1 RSA will identify and explore solutions with staff to the obstacles encountered in obtaining additional state-appropriated matching funds.
- 5.2 RSA will review with staff the allowable external sources of program match and determine if any of these are appropriate for DVR's VR Program.
- 5.3 RSA will explore the legality of utilizing all Business Enterprise Program revenues for VR Program match.

**Status:** DVR is experiencing a shortfall in state appropriations and a reduction in matching funds from the Workers' Safety and Compensation Division. DVR had identified additional sources of match but was unable to capture those before the recession and state budget cuts rendered them unavailable. DVR is currently exploring alternative sources of state match to improve services to transition-age youth. DVR is requesting technical assistance on strategies to obtain additional allowable sources of match.

## **TECHNICAL ASSISTANCE**

During the course of FY 2012 monitoring activities, RSA provided technical assistance to enable DVR to implement accepted recommendations identified through the FY 2007 review.

RSA provided TA on the SRC roles in the development, administration and analysis of the Wyoming comprehensive statewide assessment of rehabilitation needs of individuals with disabilities residing in the state, its use in the development of the State Plan and the development of measurable goals, objectives and strategies.

RSA also provided TA on the use of data to improve monitoring of program performance and quality assurance efforts.

## **SECTION 5: FOCUS AREAS**

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### **A. ORGANIZATIONAL STRUCTURE REQUIREMENTS OF THE DESIGNATED STATE AGENCY (DWS) AND DESIGNATED STATE UNIT (DVR)**

The purpose of this focus area was to assess the compliance of DVR with the federal requirements related to its organization within Wyoming Department of Workforce Services (DWS) and the ability of the DVR 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 DWS and DVR under 34 CFR 361.13(b);
- processes and practices related to the promulgation of VR program policies and procedures;
- the manner in which DVR 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 DVR 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:

- DWS and DVR directors and senior managers;
- DWS and DVR staff members responsible for the fiscal management of the VR program;
- SRC Chairpersons and members;
- Client Assistance Program staff members; and
- TACE center representatives.

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 DVR;
  - individuals who work on rehabilitation work of the DVR and one or more additional programs/cost objectives (e.g., one-stop career centers); and

- individuals under DVR 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 Wyoming procurement requirements and processes.

## **Overview**

The Wyoming DVR is located within the Office of Workforce Programs (OWP) in the DWS. DWS is designated as the DSA, headed by a director. The deputy director of DWS reports to the director and oversees the OWP and the Office of Workforce Standards and Compliance (OWSC). In addition, the deputy director oversees the day-to-day operations of the department and supervises its quality assurance activities and the service team, which provides program support functions such as human resources, marketing, fiscal, and information technology (IT) services to the department.

The OWSC is headed by an administrator and contains the Division of Appeals, Division of Workers' Compensation and Division of Enforcement. The OWP is headed by an administrator and contains the Division of Unemployment Services, Division of Employment and Training and DVR. Within the OWP, all three divisions are roughly equal in staff size, and each division is headed by a deputy administrator, except for DVR. All three division heads report to the deputy director.

Effective July 1, 2011, the previous Wyoming Department of Workforce Services and the Wyoming Department of Employment were merged to form the current DWS. In order to reduce the number of direct reports to the deputy director of DWS, the administrator positions for OWP and OWSC were created. This, in effect, changed the head of each division under those offices from an "administrator" to a "deputy administrator." The head of DVR is an exception, as the DWS director kept this position at the administrator level. Additionally, the DVR administrator is an "at will" position rather than a career service position. The administrator of OWP indicated it is probable that when the current administrator of DVR retires, this position will be realigned in both title and pay grade with the other divisions in the department. It was reported that the governor's office is completing a study to determine what pay grades and classifications will be identified as "at will" positions. This is a separate process from the Hay system used by the Wyoming Human Resources office to determine appropriate placement of positions within the classification system. The most recent Hay study for the division heads in the department was completed in 2008.

The DVR administrator has access to the DWS director through the department's management team, including the OWP administrator and DWS deputy director. The administrator of the OWP, who provides administrative supervision of the DVR administrator, serves as a conduit for the communication of issues between the deputy director and director of DWS and the divisions, as well as coordinates communication and services across the divisions in the OWP.

In addition, the department director seeks direct input from the DVR administrator as needed to address VR program specific issues, legislative agendas and budget issues.

At the time of the review, 570 FTEs were assigned to the DSA. Human resources and IT functions are located at the department level in the Service Team. However, DVR retains its own fiscal staff person.

DVR was assigned 88 FTEs, including 17 FTEs in the DVR central office and an additional 17 FTEs in the Disability Determination Services unit. Fifty-four of the division's FTEs provided VR services in 16 field office locations, including four area managers, 29 VR counselors and 21 support staff, all of whom were engaged 100 percent of the time in vocational rehabilitation work.

RSA's review of the organizational structure of DVR did not result in the identification of observations or findings.

### **Technical Assistance**

During the course of its monitoring activities, RSA provided technical assistance to DVR regarding the requirements found in Section 101(a)(2)(B)(ii)(I) of the Rehabilitation Act and the regulations found at 34 CFR 361.13(b) and (c), particularly as they pertain to the non-delegable functions and responsibilities assigned to DVR for the administration of the VR program and the operation of the service delivery system. In so doing, the RSA team explained the limited role of the DWS director and the OWP administrator with respect to the operation of the DVR VR program.

RSA provided further technical assistance in this area as it related to an undated memorandum received from DVR titled *Department Responsibilities of the Department of Workforce Services* (DWS) that contained job descriptions for the administrators of DVR and OWD, as well as the director and deputy director of DWS. Specifically, RSA provided technical assistance related to specific provisions in the memorandum that could potentially limit the ability of DVR to fulfill its mandated duties, if implemented.

RSA provided technical assistance to clarify that while the Rehabilitation Act provides for considerable flexibility in the state's organization of the VR program and that the DSA is responsible for the overall administration of the program (34 CFR 361.13(a)), the DSU is responsible for the administration of the program under the State Plan (34 CFR 361.13(b)(1)(i)), and for the operation of the service delivery system (34 CFR 361.13(c)(1)(i)). Therefore, consideration must be given to ensure that the administrator of the OWP, deputy director of DWS, and director of DWS do not infringe on the authority of the administrator of the DVR in carrying out the requirements of the Rehabilitation Act, or prevent the administrator of the DVR from having effective input into policy, planning, operations and similar program decisions made at the Department level that may impact DVR and its ability to meet the requirements of the Rehabilitation Act.

## **B. TRANSITION SERVICES AND EMPLOYMENT OUTCOMES FOR YOUTH WITH DISABILITIES**

The purpose of this focus area was to assess DVR'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 technical assistance and continuing education needs of VR agency staff.

To implement this focus area, RSA reviewed:

- the progress toward the implementation of recommendations accepted by DVR and the resolution of findings related to the provision of transition services identified in the prior monitoring report from FY 2007 (see Section 4 above);
- formal interagency agreements between the VR agency and the state educational agency (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; 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 DVR 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 individualized plan for employment (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 DVR with the national average of all combined, general, or blind state agencies as appropriate.

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

- the DVR administrator;
- DVR VR counselors and transition staff;
- the DVR transition coordinator serving as the liaison with the SEA and other agencies;
- state and local school personnel, including special education teachers and guidance counselors;
- youth with disabilities receiving or applying for VR services; and
- parents and guardians of 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 technical assistance 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 Lack of Improvement in Achievement of Employment Outcomes for Transition-Age Youth**

**Observation:** While the number of DVR transition-age youth achieving employment outcomes remained relatively stable for the period beginning in FY 2006 and ending in FY 2010, the attrition of these individuals during various stages of the VR process increased. In addition, their employment rate decreased from 72.36 percent to 55.12 percent over the same period. RSA identified the factors below that may be contributing to these results.

As illustrated by Table 5.B.1 below, the number of service records closed by DVR for transition-age youth increased from FY 2006 through FY 2010. For FY 2010, 19.05 percent of those individuals whose cases were closed were determined not eligible and another 31 percent exited

after eligibility or after they signed an IPE (0.4 percent) but before receiving services. The percentage of transition-age youth receiving services, therefore, declined from 56 percent in FY 2006, to 50 percent in FY 2010. In addition, the percentage of transition-age youth exiting without employment increased by 13 percent, to 22.4 percent over the review period.

**Table 5.B.1  
Types of Closure for Transition-Age Youth for Service Records Closed for  
FY 2006 through FY 2010**

Wyoming Division of Vocational Rehabilitation—Department of Workforce Service					
Program Performance Data	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Total closed cases	355	428	470	558	567
Total not determined eligible	77	75	76	122	108
Percent determined not eligible	21.69%	17.52%	16.17%	21.86%	19.05%
Total exited after eligibility, but prior to receiving services	79	127	148	142	176
Percent	22.3%	29.7%	31.5%	25.4%	31.0%
Total received services	199	226	246	294	283
Percent of total received services	56.1%	52.8%	52.3%	52.7%	49.9%
Employment rate	<b>72.36%</b>	<b>66.81%</b>	<b>61.79%</b>	<b>59.86%</b>	<b>55.12%</b>

DVR established a State Plan goal of increasing transition-age youth referrals by five percent. The transition interagency agreement indicates that it is the Wyoming Department of Education’s (DOE) responsibility to ensure that all students with disabilities be referred to DVR. DVR indicated that counselors are opening service records for all referrals from schools. These factors may result in the opening of service records for students who are not ready for VR services and who consequently exit the program prior to completing an IPE. In addition, opening service records for students that may not be eligible for or desire VR services diverts counselor time from eligible individuals who may achieve employment outcomes.

DVR transition counselors attributed a decrease in student engagement, an increase in attrition from the VR program and a decline in employment outcomes to the elimination of transition coordinator positions in some schools. Counselors identified these positions as providing the critical support necessary for maintaining student interest and timely service delivery, given the large caseloads and geographic areas that DVR transition counselors must cover.

DVR indicated that staff routinely assists individuals to achieve entry-level vocational objectives, rather than more advanced employment that is appropriate given their unique strengths, resources, priorities, concerns, abilities and capabilities. During the on-site discussions, transition counselors from across the state explained that it is DVR’s unwritten practice to direct transition students to community college courses geared to the achievement of entry-level employment. Some counselors indicated that they must provide additional

justification to enable individuals to pursue professional employment after obtaining a bachelor's degree or graduate-level education, while others reported that they were unaware that such justifications could be developed for this purpose. The counselors indicated that these unwritten and inconsistent practices may cause individuals interested in achieving professional employment to leave the VR program because their career goals are not being met, thus reducing the potential number of employment outcomes.

The supervisory field services position in DVR has been vacant since August 2011. According to DVR staff, this position is directly involved with the provision of VR services and plays a key role in the development of policy, the supervision of area managers, the appeals process and the maintenance of consistent and effective VR case service practices across the state.

### **Recommendations 5.B.1: RSA recommends that DVR:**

- 5.B.1.1 educate referral sources about eligibility requirements and indicators of readiness for VR services to decrease the number of ineligible students and of ill-timed referrals;
- 5.B.1.2 explore options to collaborate with local school districts to restore or create transition coordinator positions in schools or to share these positions among schools to support VR transition efforts;
- 5.B.1.3 revise State Plan goals and develop written practices that focus on improving the quality of services to transition-age youth and their achievement of employment outcomes rather than simply increasing the number of referrals;
- 5.B.1.4 increase consistency in the provision of transition services across district offices through written policies, guidelines and best practices aimed at increased student engagement, as well as the maximization of student potential and informed choice; and
- 5.B.1.5 assess staffing patterns, support services and policies to identify any necessary changes to improve the access of transition-age youth to VR services.

### **Technical Assistance**

The RSA team provided technical assistance to DVR in the area of transition services and employment outcomes for youth with disabilities while on-site in Wyoming. A summary of topical areas and issues addressed through the provision of technical assistance included:

The use of "qualified staff" for assessment purposes;

- IPE and goal development relative to the developmental stages and needs of transition-age youth;
- strategies to increase engagement and retention of transition-age youth;
- the definition of suitable employment and the inclusion of an advanced degree as part of the IPE;
- identification of barriers to improved consistency in transition services across the state;
- methods to increase collaboration with local school districts in the provision of transition services;
- methods to improve identification and tracking of appropriately timed referrals for students with disabilities to the VR program; and

- the required elements of the interagency agreement with the Wyoming DOE for the provision of transition services.

### **C. FISCAL INTEGRITY OF THE VOCATIONAL REHABILITATION PROGRAM**

The purpose of this focus area was to assess fiscal performance related to the VR program and to determine compliance with pertinent federal statutory and regulatory requirements, including cost principles. For purposes of the VR program, fiscal integrity is broadly defined as the proper and effective management of VR program financial resources to ensure that agencies effectively and efficiently manage funds to maximize employment outcomes for individuals with disabilities. The review was comprised of four components: financial resources; match and maintenance of effort (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 FY 2007 thru FY 2011, along with other fiscal reports as necessary, to identify areas for improvement and potential areas of noncompliance.

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

- the 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 recommendations and resolution of findings);
- A-133 audit findings and corrective actions;
- state/agency allotment/budget documents and annual fiscal reports; and
- grant award, match, MOE, and program income documentation.

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

- service provider contracts;
- VR agency policies, procedures, and forms (e.g., monitoring, personnel certifications and personnel activity reports), as needed;
- internal agency fiscal reports and other fiscal supporting documentation, as needed; and
- VR agency cost-benefit analysis reports.

RSA's review of the fiscal integrity of the VR program administered by DVR did not result in the identification of observations and recommendations. The compliance findings resulting from the review of this focus area and the corrective actions that DVR must undertake are contained in Section 6 of this report, while the technical assistance requested by DVR to enable it to carry out the corrective actions can be found in Appendix A.

## Technical Assistance

RSA provided technical assistance to DVR related to this focus area during the course of its monitoring activities. Specifically, RSA made a presentation to DVR fiscal staff regarding the reallocation process, maintenance of effort requirements and match requirements. RSA staff also reviewed DVR's Federal Financial Reports SF-269/SF-425 submissions in the RSA-MIS and compared the submitted data with the SF-269/SF-425 reporting requirements.

RSA also provided technical assistance in the following areas:

- **Personnel Cost Allocation:** RSA provided technical assistance regarding the requirement that agency staff working in multiple programs maintain documentation supporting the time charged to each cost objective, that personnel paid from a single award complete personnel activity reports, and that direct and indirect costs represent separate cost objectives.
- **Program Income:** RSA instructed DVR regarding the requirements to disburse program income prior to requesting additional cash payments from its federal award, the procedure for SF-425 reporting of program income, including the process for reporting Social Security Administration program income transfers from the VR program to other eligible programs.

## **SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS**

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RSA identified the following compliance findings and corrective actions that DVR is required to undertake. Appendix A of this report indicates whether or not the agency requests technical assistance 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.

DVR 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 technical assistance to assist DVR to develop the plan and undertake the corrective actions.

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

### **1. DEVELOPMENT OF THE IPE**

#### **Legal Requirements:**

- Rehabilitation Act—Section 101(a)(9)(A)
- VR Program Regulations—34 CFR 361.45(e)

#### **Finding:**

DVR is not in compliance with Section 101(a)(9) and 34 CFR 361.45(e) because it is not meeting its established time standard with respect to the development of IPEs for transition-age youth. As required by Section 101(a)(9)(A), DVR assures in its annual state plan that an IPE meeting federal requirements will be developed in a timely manner for each individual following the determination of eligibility. The VR program regulations at 34 CFR 361.45(e) state that the agency must establish standards, including timelines that take into consideration the needs of each individual. The DVR policy manual states "An individual's IPE will be developed and implemented in eight (8) to twelve (12) weeks taking into consideration the needs of the individual, subsequent to the determination of eligibility §361.45 (e)".

DVR's performance in meeting its time standard, corresponding to the 0-3 month time frame in Table 6.1 below, has ranged from 67.34 percent in FY 2006 to a high of 72.36 percent in FY 2008 with 69.31 percent meeting the time standard in FY 2011.

**Table 6.1**  
**Wyoming DVR Service Record Breakdown for Transition-Age Youth**  
**Served by Time: Eligibility to IPE**  
**FY 2006 through FY 2011**

<b>Served: From eligibility to IPE</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Number served: 0–3 months	134	153	178	205	198	160
Percent served: 0–3 months	67.34%	67.70%	72.36%	69.73%	69.96%	69.31%
<b>Total Number Served</b>	<b>199</b>	<b>226</b>	<b>246</b>	<b>294</b>	<b>283</b>	<b>254</b>

DVR staff experience the following challenges in observing the agency’s time standard for the development of an IPE.

- DVR counselors approach IPE development as a process to achieve one final or ultimate vocational goal. However, this approach is not consistent with the developmental stage of transition-age youth who are in an exploration mode and will change their vocational goal as they explore vocational options. Writing initial IPEs that will be amended as the goal is refined will support and facilitate the natural course of vocational exploration and keep the student engaged with the VR process.
- DVR policy requiring assessments by Ph.D. professionals restricts assessments to a very limited number of sources in Wyoming. This practice has resulted in delays in procuring assessment information for IPE development.
- DVR transition counselors indicate that they often must first provide guidance and counseling focused on shaping career interests formed in school to develop realistic vocational goals. Additionally, transition counselors indicated that students are often encouraged in school programs to consider any career goal they wish without equal consideration for other factors such as jobs in the local economy and the students’ abilities and skills.
- Timing of referrals also affects IPE development. If referrals are made when students are not ready to receive VR services, plan development will be delayed until they are ready. Referrals made just before exiting school prevents DVR consultation on IEP and transition services provided by schools and delays DVR support of such plan development activities as career exploration, job shadowing, and trial work experiences.

**Corrective Action 1: DVR must:**

- 1.1 within 45 days following the issuance of this report, submit to RSA the actions it will take to meet its standard for developing an IPE; and
- 1.2 develop the data analysis and report capability necessary to efficiently and effectively monitor progress in meeting the standard for IPE development.

## 2. INTERAGENCY AGREEMENT WITH THE WYOMING DEPARTMENT OF EDUCATION

### Legal Requirements:

- Rehabilitation Act—Section 101(a)(11)(D)(iii)–(iv)
- VR Program Regulations—34 CFR 361.22(b)

### Finding:

DVR is not in compliance with Section 101(a)(11)(D)(iii) and (iv) of the Rehabilitation Act and 34 CFR 361.22(b) because the current interagency agreement on transition services (termed a Memorandum of Understanding or MOU) between DVR and the Wyoming Department of Education (DOE) meets all but two federal requirements.

Federal statute and regulation require that the state VR agency develop and sign an interagency agreement with the State educational agency that provides for 1) VR consultation and technical assistance to assist educational agencies in transition planning; 2) transition planning by VR and education personnel; 3) the roles and responsibilities of each agency, including financial responsibilities, in providing transition services; and 4) procedures for outreach to students with disabilities who need transition services. The financial responsibilities of each agency should specifically identify the services each agency will provide to the student as part of a transition plan, such as career exploration, work experience, and training. Procedures for outreach include methods to identify students needing transition services, including those students with disabilities who are not eligible for special education.

The DVR MOU does not include a discussion of the financial responsibilities of each agency in providing transition services and the qualified personnel responsible for those transition services as required by the Act and VR program regulations. The assistive technology (AT) section of the MOU provides that a local school may sell to DVR the AT used by a DVR eligible student that will facilitate an employment outcome when the student leaves school. The agreement also indicates that the purchase price will be negotiated by the local school district and the DVR. Also, a general payment section of the MOU indicates that neither party is required to pay the other party as a result of the MOU. However, these financial-related items do not specifically identify the transition services to be provided by each agency.

In addition, the MOU does not outline outreach procedures by either party to identify students with disabilities needing transition services. The MOU indicates that the Wyoming DOE will ensure that all students with disabilities in school will be referred to DVR but does not describe how these students will be identified for referral. This is particularly important for students with disabilities who do not receive services under an individualized education program or a 504 plan and youth who are not in school.

While it is not required by federal law, RSA recommends that the agreement include a mechanism for resolution of disagreements regarding the lead agencies and qualified personnel responsible for transition services.

## **Corrective Action 2: DVR must:**

- 2.1 amend its MOU with Wyoming DOE to address the financial responsibilities of each agency in providing transition services in accordance with Section 101(a)(11)(d)(iii) and 34 CFR 361.22(b)(3); and
- 2.2 amend the same MOU to describe the procedures to be used by each agency to reach out to and identify students with disabilities as required by Section 101(a)(11)(D)(iv) and 34 CFR 361.22(b)(4). The agencies may want to consider outreach procedures to identify transition-age youth who are not in school.

## **3. PROGRAM INCOME DISBURSEMENT**

### **Legal Requirement:**

EDGAR - 34 CFR 80.21(f)(2)

### **Finding:**

Prior to the onsite review, DVR staff received technical assistance via RSA's National Fiscal Conference, and discontinued drawing down federal VR funds prior to disbursing program income first. However, during the years covered under the review, DVR was not in compliance with 34 CFR 80.21(f)(2) that requires grantees to disburse program income prior to requesting additional cash payments. This means that DVR must disburse all program income prior to requesting a drawdown of additional federal VR funds.

RSA reviewed DVR's SF-425 reporting for FY 2010 and found that the agency had unexpended program income available when additional cash payments were requested. As a result, DVR drew down additional federal VR funds to cover expenditures while program income remained available for disbursement. Table 6.2 below includes the program income data DVR reported on its FY 2010 SF-425 reports for the VR program.

**Table 6.2  
DVR FY 2010 SF-425 Program Income Reported**

<b>Fiscal Year</b>	<b>Quarter</b>	<b>[10l] Total Federal Program Income Earned</b>	<b>[10n] Federal Program Income Expended— Addition Alternative</b>	<b>[10o] Unexpended Federal Program Income (line l— line m or n)</b>	<b>[12e] Federal Program Income Transferred</b>
2010	1	9,989	477	9,512	477
2010	2	120,878	1,041	200,837	1,041
2010	3	254,675	39,368	215,307	2,056
2010	4	255,853	41,381	214,472	4,069
2010	5	255,853	41,583	214,270	4,271
2010	6	255,853	43,763	212,090	4,271

These data indicate that DVR maintained a significant amount of unexpended program income between the second and sixth quarters reported for FY 2010. To verify this finding, RSA compared the amount of funds drawn down by DVR, per the Department of Education’s G5 Grants Management System, with the amount of program income funds available for expenditure for FY 2010 (second – sixth quarters). The results of the comparison demonstrated that DVR, on multiple occasions, drew down additional federal VR funds while there was a positive balance of undisbursed program income available.

In addition, a review of on-site documentation found that the total share of program income expended for FY 2010 was \$223,378. However, DVR staff incorrectly reported the amount on the SF-425 as \$0.

**Corrective Action 3: DVR must:**

- 3.1 provide a written assurance to RSA, within 10 days of the final monitoring report that it will disburse all program income before drawing down any federal VR funds as required by 34 CFR 80.21(f)(2);
- 3.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DVR will ensure the accuracy of future financial reports, including the reporting of program income on the SF-425 reports as required by 34 CFR 361.12 and 34 CFR 80.20; and
- 3.3 develop and implement written monitoring procedures that include methods for monitoring implementation and ensure the disbursement of program income consistent with 34 CFR 80.21(f)(2).

**4. PERIODIC CERTIFICATION—STAFF WORKING SOLELY ON VR PROGRAM**

**Legal Requirements:**

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

- OMB Circulars—2 CFR 225, Appendix B, paragraph 8.h.3

**Finding:**

DVR is not in compliance with 2 CFR 225, Appendix B, paragraph 8.h.3, because the agency does not conduct periodic certifications for employees working solely on one federal grant program. As a result, DVR is not able to ensure that the VR program is administered properly and efficiently and that all VR funds are accounted for properly, as required by 34 CFR 361.12 and 34 CFR 80.20(a).

As a recipient of VR funds, DVR is required to administer the program properly and efficiently (34 CFR 361.12 and 34 CFR 80.20(a)). It must ensure that VR funds are properly accounted for and that accurate data are collected and reported (*Id.*). In ensuring the proper administration of the VR program and accountability of VR funds, DVR must be able to document the time its staff spend on the VR program. Federal cost principles set forth requirements for ensuring the proper accounting of staff time, both for staff working full-time on one program and for staff splitting their time on multiple programs. In particular, 2 CFR 225, Appendix B, paragraph 8.h.3, requires DVR employees or their supervisors to certify, at least semi-annually, that the employee worked solely on one grant program during the period covered by the certification. Additionally, RSA also found that DVR does not conduct semi-annual certifications for staff who work solely on one program, as required by 2 CFR 225, Appendix B, paragraph 8.h.3.

**Corrective Action 4: DVR must:**

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with staff certification requirements set forth at 2 CFR 225, Appendix B, 8.h.3; and
- 4.2 develop and implement written procedures that include methods of monitoring implementation and ensure semi-annual certifications are completed for all employees working solely on one federal grant program, or cost objective.

**5. UNALLOWABLE EXPENDITURES AND SOURCES OF MATCH—BUSINESS LEADERSHIP NETWORK**

**Legal Requirements:**

- Rehabilitation Act—Sections 7(38), 103(a), 103(b)(5) and 111(a)(1)
- VR Program Regulations—34 CFR 361.3, 34 CFR 361.5(b)(58), 34 CFR 361.12, 34 CFR 361.48, 34 CFR 361.49(a)(4) and 34 CFR 361.60(b)(1)
- EDGAR—34 CFR 80.20(a) and 34 CFR 80.24(a)
- OMB Circulars—2 CFR 225, Appendix A, C.1.a, 2 CFR 225, Appendix A, C.2, and 2 CFR 225, Appendix A, C.3.a

## **Finding:**

The expenditure of VR program funds by DVR to support contracts with Synergy Human Resource Development Associates, Inc. (Synergy) is not either allowable and/or allocable to the VR program to the degree that such expenditures are not sufficiently traceable, through appropriate supporting documentation, to the provision of VR services to applicants, individuals determined eligible for VR services, or an authorized group as required by Section 111(a)(1) of the Rehabilitation Act; 34 CFR 361.3 and 34 CFR 361.12; and 34 CFR 80.20(a). In addition, the non-federal share associated with these non-allowable and/or allocable expenditures and provided by Synergy to DVR are not a permissible source of match in accordance with 34 CFR 361.60(b)(1) and 34 CFR 80.24(a).

DVR contracted annually with Synergy, a Wyoming nonprofit and operator of the business leadership network (BLN) in that state, for the provision of services to individuals with disabilities. Under these contracts, VR funds were used to cover the costs associated with Synergy personnel, including the director, contract manager and eight BLN local area directors, who engaged in activities to support four goals pertaining to leadership development, community collaboration, employer education and employment development. VR funds were not used to support costs related to two additional goals specified in the contracts related to mentoring for transition-age youth and budget diversification (e.g. fund raising).

In general, the terms of each annual contract remained the same and RSA reviewed the FY 2010 and FY 2011 contracts for the purpose of this analysis. In those years, the contract budgets indicated that DVR was to contribute VR funds in the approximate amount of \$369,000, while Synergy itself was to contribute the non-federal share in the approximate amount of \$100,000 to cover contract costs.

### **A. Unallowable and Allocable Expenditures**

As a recipient of Title I VR funds, DVR must maintain procedures to ensure that it administers the VR program in an efficient and effective manner and accounts for the proper expenditure of VR funds (34 CFR 361.12 and 34 CFR 80.20(a)). DVR must ensure that VR funds are spent solely on the provision of VR services and the administration of the VR program (Section 111(a)(1) of the Rehabilitation Act; 34 CFR 361.3). The Federal cost principles require that federal funds be spent solely on allowable and allocable costs. To be allowable, costs must be necessary and reasonable for carrying out the federal program (2 CFR 225, Appendix A, C.1.a). To be considered reasonable, the cost must be one that would be incurred by a prudent person (2 CFR 225, Appendix A, C.2). To be allocable to the VR program, the cost must be proportional to the benefit received by the federal program (2 CFR 225, Appendix A, C.3.a).

To constitute an allowable expenditure as a VR service, the costs must be incurred in the provision of VR services to individuals in accordance with their approved IPEs, pursuant to Section 103(a) of the Rehabilitation Act and 34 CFR 361.48, or to groups of individuals with disabilities, pursuant to Section 103(b) of the Act and 34 CFR 361.49 (Section 7(38) of the Rehabilitation Act; 34 CFR 361.5(b)(58)).

In part, the Synergy contracts provided for the delivery of VR services listed in Section 103(a) and 34 CFR 361.48. The personnel employed under these contracts, whose costs were covered in whole or in part, by Title I VR program funds, included a project manager and/or a contract/general manager and eight BLN directors. These persons were responsible for the provision of services identified in Attachment A of the FY 2010 and 2011 contracts, including those related to Goal 4 – job development. Specific services provided in support of this goal included the development of career-oriented job placements for 120 or more DVR consumers during the year through the facilitation of referrals of job leads from employers to DVR, the conduct of group meetings and trainings for DVR consumers, and the development of internships in state government. These services are allowable under the VR program in accordance with section 103(a) of the Rehabilitation Act and 34 CFR 361.48.

In addition, the Synergy contracts clearly require that the individuals to whom these services would be provided be either applicants for or eligible to receive these services under an IPE. The language used in Attachment A of the contracts describing Goal 4 specifically stated that the services were to be provided in order to place 120 “DVR clients” in successful career-oriented employment.

Nonetheless, the implementation of the Synergy contracts demonstrates that VR services were actually provided to individuals with disabilities who were not applicants or eligible to receive services under the VR program. For example, pursuant to the FY 2011 contract, a portion of the VR funds paid to Synergy was to cover a fee of \$10,000 for the attainment of successful placements for 80 DVR consumers at a rate of \$125 per placement. However, the documentation submitted by Synergy to DVR to support payment of this fee clearly indicated that individuals served under the contract were not solely VR applicants and eligible individuals. While onsite, RSA staff compared the list of individuals served under the contract, submitted by Synergy for the month of July, 2011, with the individuals listed in DVR’s case management system and found at least seven individuals who were not VR applicants or eligible individuals. DVR staff stated that similar documentation was provided by Synergy for the other months of the contract year and that the fees were paid in full without confirming whether the individuals whose names were included in the documentation were actually DVR consumers.

As with any cost paid with VR funds, the cost must be allowable under the VR program (Section 111(a)(1) of the Rehabilitation Act; 34 CFR 361.3), and traceable to a level of expenditure to ensure that the cost was allowable under the program (34 CFR 361.12; 34 CFR 80.20(a)). Because DVR did not use the documentation it received from Synergy in a manner that enabled it to ensure that services billed for were actually delivered to applicants for VR services or those eligible to receive services pursuant to approved IPEs, the use of VR funds in connection with these services was not allowable or allocable to the VR program to the degree that it benefited individuals who were not DVR consumers.

Also, Section 103(b) of the Rehabilitation Act and 34 CFR 361.49(a) permit the use of VR program funds to support the provision of certain services listed therein that benefit groups of individuals with disabilities. Specifically, Section 103(b)(5) and 34 CFR 361.49(a)(4) permit the expenditure of VR program funds for the provision of “Technical assistance and support services to businesses that are not subject to Title I of the Americans with Disabilities Act of 1990 and

that are seeking to employ individuals with disabilities.” Importantly, a VR agency is only permitted to use this authority when providing technical assistance to a limited class of employers, i.e., those that employ 15 or fewer persons and thus are not subject to the provisions of the ADA.

As mentioned above, VR funds were used to cover the costs of activities engaged in by the eight BLN directors and other Synergy personnel under Goals 1 through 3 of the contracts, i.e., leadership development, employer education and community collaboration. These activities, described in Attachment A of the contracts, included, but were not limited to, membership and participation in professional organizations such as local chambers of commerce, the development of a database for key stakeholders and employers associated with the employment of persons with disabilities, and the conduct of public education events with employers and DVR. Such services were allowable under the VR program to the extent that DVR provided such services to employers not subject to the ADA as required by Section 103(b)(5) and 34 CFR 361.49(a)(4).

However, once again, during the course of the review RSA obtained information indicating that DVR did not obtain documentation related to these activities from Synergy to ensure that VR funds were expended on the provision of permissible VR services that benefited groups of individuals with disabilities and that could support that the amounts expended under the contracts to cover the costs of program personnel were proportional to the benefit the VR program received. In particular, RSA found the following:

- The FY 2011 contract included a Budget Category under Office and Administration for a project management fee in the amount of \$60,000. DVR staff indicated that this fee was paid to support the activities of the Synergy director and that VR program funds were used to cover the full cost of the fee. Similarly, the FY 2010 contract included a budget category under salaries and benefits for a contractor general manager position in the amount of \$50,000. VR program funds were used to support \$40,000 of the cost of the position. The contract budgets did not provide sufficient details to ensure that costs billed under the categories were allowable VR costs; nor did Synergy provide DVR with supporting documentation related to these costs demonstrating the proportional benefit to the VR program when it submitted invoices for such expenditures.
- Synergy submitted an invoice for March 2011 that included charges totaling \$3,300 for a Retreat/Training for three of the BLN directors. There was no indication or description of the Retreat/Training as to the purpose in relation to the services specified in the contract. DVR used VR program funds to pay the total cost of the Retreat/Training. Additionally, Synergy submitted invoices that included Chamber of Commerce dues, luncheons, classes and seminars for each of the BLN directors, totaling \$1,336. DVR did not obtain from Synergy and did not provide for RSA review any documentation to demonstrate that costs were necessary or allowable under the VR program or, if so, the degree to which such expenditures benefited the program.
- In FY 2011, Synergy submitted timesheets for one employee allocating 100 percent of the employee’s time to the VR program. Based on interviews with DVR fiscal staff, it was determined that the Synergy staff person did not devote 100 percent of his time to the provision of VR services. Although the entire salary was billed to VR, the DVR staff only

paid up to the budgeted amount of \$50,000 without seeking confirmation that even this amount was associated with the provision of allowable and/or allocable services under the VR program.

The examples listed above demonstrate that DVR did not ensure it expended and accounted for VR grant funds in accordance with pertinent laws and procedures as required by 34 CFR 80.20(a). Moreover, DVR did not trace the expenditure of VR funds to a level adequate to establish that such funds were spent in proportion to the benefit received by the VR program in accordance with the federal cost principles found at 2 CFR 225, Appendix A, paragraph C.

Given all the deficiencies described above related to the use of VR funds to support the activities under Goals 1 through 4 of the Synergy contracts, the expenditure of VR funds under these contracts was either not allowable or allocable to, the VR program in accordance with federal cost principles at 2 CFR 225 to the extent that those funds were used to serve individuals who were not DVR consumers or were used in an unauthorized manner to benefit groups of individuals with disabilities.

## **B. Unallowable Source of Match**

Non-federal expenditures used for satisfying VR match requirements must be for allowable expenditures under the VR program, which include expenditures for the cost of providing VR services and the cost for administering the VR program (34 CFR 361.3 and 361.60(b)(1); 34 CFR 80.24(a)). Section 4, paragraph G of the FY 2010 and 2011 contracts set forth the requirements for the payment of non-federal share by Synergy to be used in conjunction with VR program funds to cover the total costs of the contracts. Specifically, Section 4.G.(I) required Synergy to contribute 21.3 percent (approximately \$100,000) of the total annual contract amount. Section 4.H required that non-federal funds equal to 21.3 percent be provided by Synergy to DVR prior to DVR paying any billable expenditures. Attachment B of the contracts again specifies in the contract budgets an amount of non-federal expenditure of \$100,000. However, as described throughout this finding, the costs associated with the Synergy contracts that were not allowable under, or allocable to, the VR program consequently cannot be used as a source of non-federal match.

### **Corrective Action 5: DVR must:**

- 5.1 cease using VR funds to pay unallowable costs or costs that lack the supporting documentation necessary to ensure that such costs are allowable, specifically those costs under contracts with Synergy, and using related non-federal expenditures to meet the agency's non-federal share;
- 5.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DVR will ensure, beginning immediately, that all VR funds, including those related to the Synergy contracts, are expended only for allowable costs, that supporting documentation is maintained for VR expenditures under the contracts and that it will not use the expenditures incurred by Synergy in connection with the contracts to satisfy its non-federal share unless these conditions are met; and

- 5.3 develop and implement written policies and procedures for maintaining and verifying supporting documentation for VR expenditures (incurred by both DVR and its contractors), that 1) include methods for monitoring and implementation, and 2) ensure funds are not used in violation of restrictions and prohibitions or applicable statutes.

## **6. INTERNAL CONTROLS—MONITORING OF GRANT ACTIVITIES**

### **Legal Requirement:**

- EDGAR—34 CFR 80.40(a)

### **Finding:**

DVR is not in compliance with 34 CFR 80.40(a) because it does not conduct monitoring of its contracts to ensure that grant-supported activities performed by the contractors comply with applicable federal requirements, and that performance goals are achieved.

As the recipient of federal funds, DVR is required to monitor and manage the daily operations of all grant-supported activities (34 CFR 80.40(a)). The contract between the State of Wyoming and Synergy, constitute grant-supported activities and must be monitored by DVR to ensure that Synergy complies with all applicable federal requirements. While onsite, RSA noted that DVR does not have monitoring procedures in place that could have been used to monitor the services provided by Synergy to ensure that funds expended were for allowable services for applicants or eligible individuals of the VR program. Since DVR is the grantee and the recipient of the federal funds, it is the party responsible for conducting the monitoring of grant supported activities. This can be accomplished through a process that may involve activities such as a review of case management data, interviews with Synergy staff, and analysis of outcomes against established standards and indicators that the agency expects. Without engaging in such activities, the agency is unable to ensure that grant supported activities comply with applicable federal requirements and that performance goals are being achieved.

Because DVR did not adequately monitor the activities under the contract, as required by 34 CFR 80.40(a), expenditures may have been charged to the VR program that were not allowable, as discussed in Finding 5 above. Therefore, DVR has not complied with 34 CFR 80.40 and has not ensured that grant-supported activities conducted by its contractors comply with applicable federal requirements.

### **Corrective Actions 6: DVR must:**

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DVR will comply with 34 CFR 80.40(a) and monitor all grant supported activities to ensure compliance with applicable federal requirements and that performance goals are achieved;
- 6.2 develop and implement policies and procedures to monitor the activities and services of all contracts to ensure that services provided are allowable under the VR program; and

6.3 evaluate the contractor's performance against pre-established performance measures to ensure the contractor is providing quality services in a timely manner.

## APPENDIX A: AGENCY RESPONSE

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### SECTION 4: RESULTS OF PRIOR MONITORING ACTIVITIES

DVR requests the additional technical assistance described below to enable it to implement the following outstanding accepted recommendations identified in the FY 2007 monitoring report.

#### Outstanding Recommendations

1. Improve access to services, service delivery, and the achievement of employment outcomes for youth with disabilities.

**Additional Technical Assistance Requested:** DVR did not request technical assistance.

2. Obtain additional on-going program match from allowable sources.

**Additional Technical Assistance Requested:** DVR did not request technical assistance.

### SECTION 5: FOCUS AREAS

#### Observation 5.B.1—Lack of Improvement in Achievement of Employment Outcomes for Transition-Age Youth

##### Recommendation:

- 5.B.1.1 educate referral sources about eligibility requirements and indicators of readiness for VR services to decrease the number of ineligible students and of ill-timed referrals;
- 5.B.1.2 explore options to collaborate with local school districts to restore or create transition coordinator positions in schools or to share these positions among schools to support VR transition efforts;
- 5.B.1.3 revise State Plan goals and develop written practices that focus on improving the quality of services to transition-age youth and their achievement of employment outcomes rather than simply increasing the number of referrals;
- 5.B.1.4 increase consistency in the provision of transition services across district offices through written policies, guidelines and best practices aimed at increased student engagement, as well as the maximization of student potential and informed choice; and
- 5.B.1.5 assess staffing patterns, support services and policies to identify any necessary changes to improve the access of transition-age youth to VR services.

**Agency Response:** DVR has hired an individual with experience in the Department of Education working with students with disabilities. She will provide technical assistance to DVR and Education staff.

**Technical Assistance:** DVR does not request technical assistance in this area.

## **SECTION 6: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS**

### **1. Development of the IPE**

#### **Corrective Action 1:**

- 1.1 within 45 days following the issuance of this report, submit to RSA the actions it will take to meet its standard for developing an IPE; and
- 1.2 develop the data analysis and report capability necessary to efficiently and effectively monitor progress in meeting the standard for IPE development.

**Agency Response:** The Wyoming Division of Vocational Rehabilitation (DVR) has made policy changes to reflect the need to develop IPE's no later than 90 days after eligibility determination. Managers and counselors have been informed of these policy changes. Managers will provide continuous training in this area.

**Technical Assistance:** DVR may request technical assistance.

### **2. Interagency Agreement with the Wyoming Department of Education**

#### **Corrective Action 2:**

- 2.1 amend its MOU with Wyoming DOE to address the financial responsibilities of each agency in providing transition services in accordance with Section 101(a)(11)(d)(iii) and 34 CFR 361.22(b)(3); and
- 2.2 amend the same MOU to describe the procedures to be used by each agency to reach out to and identify students with disabilities as required by Section 101(a)(11)(D)(iv) and 34 CFR 361.22(b)(4). The agencies may want to consider outreach procedures to identify transition-age youth who are not in school.

**Agency Response:** DVR has drafted a new MOU with the Wyoming Department of Education (please see enclosed document). The new MOU will be forwarded to the Wyoming Department of Education and the Wyoming Attorney General's Office for their review and approval.

**Technical Assistance:** DVR may request technical assistance.

### **3. Program Income Disbursement**

#### **Corrective Action 3:**

- 3.1 provide a written assurance to RSA, within 10 days of the final monitoring report that it will disburse all program income before drawing down any federal VR funds as required by 34 CFR 80.21(f)(2);
- 3.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DVR will ensure the accuracy of future financial reports, including the reporting of

program income on the SF-425 reports as required by 34 CFR 361.12 and 34 CFR 80.20;  
and

- 3.3 develop and implement written monitoring procedures that include methods for monitoring implementation and ensure the disbursement of program income consistent with 34 CFR 80.21(f)(2).

**Agency Response:** DVR is currently developing written procedures that will ensure the disbursement of program income is consistent with 34 CFR 80.12(f)(2).

**Technical Assistance:** DVR requests technical assistance. After DVR develops its written procedures regarding program income, DVR may request RSA's review of the procedures to ensure DVR is in compliance with 34 CFR 80.

#### **4. Periodic Certification—Staff Working Solely on VR Program**

##### **Corrective Action 4:**

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with staff certification requirements set forth at 2 CFR 225, Appendix B, 8.h.3; and
- 4.2 develop and implement written procedures that include methods of monitoring implementation and ensure semi-annual certifications are completed for all employees working solely on one federal grant program, or cost objective.

**Agency Response:** Beginning with the month of January 2012, DVR modified its monthly time sheets to include a list of all DVR programs that allow personnel charges. DVR staff members who are not exempt from overtime (counselors, clerical staff, most fiscal staff, etc.) and DVR staff members who charge their time to more than one federal grant program or cost objective started using this modified monthly time sheet in January 2012 to report the hours worked on each federal grant or cost objective. For DVR staff members who work solely on one federal grant program or cost objective and who are exempt from overtime (Program Consultants, Area Managers, Administrators, etc.) and therefore are not required by the State of Wyoming to keep a monthly time sheet, DVR developed a semi-annual certification form. In early July 2012, DVR staff will sign the semi-annual certification forms for the period of January 2012 through June 2012

**Technical Assistance:** DVR does not request technical assistance.

#### **5. Unallowable Expenditures and Sources of Match— Business Leadership Network**

##### **Corrective Action 5:**

- 5.1 cease using VR funds to pay unallowable costs or costs that lack the supporting documentation necessary to ensure that such costs are allowable, specifically those costs

- under contracts with Synergy, and using related non-federal expenditures to meet the agency's non-federal share;
- 5.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DVR will ensure, beginning immediately, that all VR funds, including those related to the Synergy contracts, are expended only for allowable costs, that supporting documentation is maintained for VR expenditures under the contracts and that it will not use the expenditures incurred by Synergy in connection with the contracts to satisfy its non-federal share unless these conditions are met; and
  - 5.3 develop and implement written policies and procedures for maintaining and verifying supporting documentation for VR expenditures (incurred by both DVR and its contractors), that 1) include methods for monitoring and implementation, and 2) ensure funds are not used in violation of restrictions and prohibitions or applicable statutes.

**Agency Response:** DVR and Synergy/Wyoming Business Leadership Network have agreed to terminate the FY 2012 contract as of April 30, 2012. Effective May 1, 2012, any services purchased by DVR from Synergy/Wyoming Business Leadership Network will be paid from DVR counselor case service funds and will be tied to specific DVR clients.

**Technical Assistance:** DVR may request additional technical assistance.

## **6. Internal Controls—Monitoring of Grant Activities**

### **Corrective Action 6:**

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that DVR will comply with 34 CFR 80.40(a) and monitor all grant supported activities to ensure compliance with applicable federal requirements and that performance goals are achieved;
- 6.2 develop and implement policies and procedures to monitor the activities and services of all contracts to ensure that services provided are allowable under the VR program; and
- 6.3 evaluate the contractor's performance against pre-established performance measures to ensure the contractor is providing quality services in a timely manner.

**Agency Response:** DVR has started developing written policies and procedures to more effectively monitor the activities and services of all contracts.

**Technical Assistance:** DVR may request technical assistance in this area.

## APPENDIX B: LEGAL REQUIREMENTS

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

### REHABILITATION ACT OF 1973, AS AMENDED

Definitions

#### Section 7 For the purposes of this Act:

(38) Vocational rehabilitation services. The term "vocational rehabilitation services" means those services identified in section 103 which are provided to individuals with disabilities under this Act.

#### Section 101(a)(9)(A)—Individualized plan for employment

##### (A) Development and implementation.

The State plan shall include an assurance that an individualized plan for employment meeting the requirements of section 102(b) will be developed and implemented in a timely manner for an individual subsequent to the determination of the eligibility of the individual for services under this title, except that in a State operating under an order of selection described in paragraph (5), the plan will be developed and implemented only for individuals meeting the order of selection criteria of the State.

#### Section 101(a)(11)(D)—Coordination with education officials

The State plan shall 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 the students with disabilities from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title, including information on a formal interagency agreement with the State educational agency that, at a minimum, provides for—\*\*\*

- (iii) 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
- (iv) procedures for outreach to and identification of students with disabilities who need transition services.

## Section 103—Vocational Rehabilitation Services

### (a) Vocational Rehabilitation Services for Individuals

Vocational rehabilitation services provided under this title are any services described in an individualized plan for employment necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual, including--

- (1) an assessment for determining eligibility and vocational rehabilitation needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology;
- (2) counseling and guidance, including information and support services to assist an individual in exercising informed choice consistent with the provisions of section 102(d);
- (3) referral and other services to secure needed services from other agencies through agreements developed under section 101(a)(11), if such services are not available under this title;
- (4) job-related services, including job search and placement assistance, job retention services, follow-up services, and follow-along services;
- (5) vocational and other training services, including the provision of personal and vocational adjustment services, books, tools, and other training materials, except that no training services provided at an institution of higher education shall be paid for with funds under this title unless maximum efforts have been made by the designated State unit and the individual to secure grant assistance, in whole or in part, from other sources to pay for such training;
- (6) to the extent that financial support is not readily available from a source (such as through health insurance of the individual or through comparable services and benefits consistent with section 101(a)(8)(A)), other than the designated State unit, diagnosis and treatment of physical and mental impairments, including--
  - (A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition that constitutes a substantial impediment to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or reduce such impediment to employment within a reasonable length of time;
  - (B) necessary hospitalization in connection with surgery or treatment;
  - (C) prosthetic and orthotic devices;
  - (D) eyeglasses and visual services as prescribed by qualified personnel who meet State licensure laws and who are selected by the individual;
  - (E) special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the treatment of individuals with end-stage renal disease; and
  - (F) diagnosis and treatment for mental and emotional disorders by qualified personnel who meet State licensure laws;

- (7) maintenance for additional costs incurred while participating in an assessment for determining eligibility and vocational rehabilitation needs or while receiving services under an individualized plan for employment;
- (8) transportation, including adequate training in the use of public transportation vehicles and systems, that is provided in connection with the provision of any other service described in this section and needed by the individual to achieve an employment outcome;
- (9) on-the-job or other related personal assistance services provided while an individual is receiving other services described in this section;
- (10) interpreter services provided by qualified personnel for individuals who are deaf or hard of hearing, and reader services for individuals who are determined to be blind, after an examination by qualified personnel who meet State licensure laws;
- (11) rehabilitation teaching services, and orientation and mobility services, for individuals who are blind;
- (12) occupational licenses, tools, equipment, and initial stocks and supplies;
- (13) technical assistance and other consultation services to conduct market analyses, develop business plans, and otherwise provide resources, to the extent such resources are authorized to be provided through the statewide workforce investment system, to eligible individuals who are pursuing self-employment or telecommuting or establishing a small business operation as an employment outcome;
- (14) rehabilitation technology, including telecommunications, sensory, and other technological aids and devices;
- (15) transition services for students with disabilities, that facilitate the achievement of the employment outcome identified in the individualized plan for employment;
- (16) supported employment services;
- (17) services to the family of an individual with a disability necessary to assist the individual to achieve an employment outcome; and
- (18) specific post-employment services necessary to assist an individual with a disability to, retain, regain, or advance in employment.

(b) Vocational Rehabilitation Services for Groups of Individuals

Vocational rehabilitation services provided for the benefit of groups of individuals with disabilities may also include the following:

- (5) Technical assistance and support services to businesses that are not subject to title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.) and that are seeking to employ individuals with disabilities.

## **Section 111**

- (a)(1) Except as provided in paragraph (2), from each State's allotment under this part for any fiscal year, the Commissioner shall pay to a State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for that State approved under section 101, including expenditures for the administration of the State plan.

## **VR PROGRAM REGULATIONS**

### **34 CFR 361.3—Authorized activities.**

The Secretary makes payments to a State to assist in—

- (a) The costs of providing vocational rehabilitation services under the State plan; and
- (b) Administrative costs under the State plan.

### **34 CFR 361.5(b)(58)—Vocational rehabilitation services.**

- (i) If provided to an individual, means those services listed in §361.48; and
- (ii) If provided for the benefit of groups of individuals, also means those services listed in §361.49.

### **34 CFR 361.12—Methods of administration.**

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—Coordination with education officials.**

- (b) *Formal interagency agreement.* The State plan must include information on a formal interagency agreement with the State educational agency that, at a minimum, provides for—  
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—(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.

### **34 CFR 361.45(e)—Standards for developing the IPE.**

The designated State unit must establish and implement standards for the prompt development of IPEs for the individuals identified under paragraph (a) of this section, including timelines that take into consideration the needs of the individuals.

### **34 CFR 361.48—Scope of vocational rehabilitation services for individuals with disabilities.**

As appropriate to the vocational rehabilitation needs of each individual and consistent with each individual's informed choice, the designated State unit must ensure that the following vocational rehabilitation services are available to assist the individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice:

- (a) Assessment for determining eligibility and priority for services by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology, in accordance with §361.42.
- (b) Assessment for determining vocational rehabilitation needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology, in accordance with §361.45.
- (c) Vocational rehabilitation counseling and guidance, including information and support services to assist an individual in exercising informed choice in accordance with §361.52.
- (d) Referral and other services necessary to assist applicants and eligible individuals to secure needed services from other agencies, including other components of the statewide workforce investment system, in accordance with §§361.23, 361.24, and 361.37, and to advise those individuals about client assistance programs established under 34 CFR part 370.
- (e) In accordance with the definition in §361.5(b)(40), physical and mental restoration services, to the extent that financial support is not readily available from a source other than the designated State unit (such as through health insurance or a comparable service or benefit as defined in §361.5(b)(10)).
- (f) Vocational and other training services, including personal and vocational adjustment training, books, tools, and other training materials, except that no training or training services in an institution of higher education (universities, colleges, community or junior colleges, vocational schools, technical institutes, or hospital schools of nursing) may be paid for with funds under this part unless maximum efforts have been made by the State unit and the individual to secure grant assistance in whole or in part from other sources to pay for that training.
- (g) Maintenance, in accordance with the definition of that term in §361.5(b)(35).
- (h) Transportation in connection with the rendering of any vocational rehabilitation service and in accordance with the definition of that term in §361.5(b)(57).
- (i) Vocational rehabilitation services to family members, as defined in §361.5(b)(23), of an applicant or eligible individual if necessary to enable the applicant or eligible individual to achieve an employment outcome.
- (j) Interpreter services, including sign language and oral interpreter services, for individuals who are deaf or hard of hearing and tactile interpreting services for individuals who are deaf-blind provided by qualified personnel.
- (k) Reader services, rehabilitation teaching services, and orientation and mobility services for individuals who are blind.

- (l) Job-related services, including job search and placement assistance, job retention services, follow-up services, and follow-along services.
- (m) Supported employment services in accordance with the definition of that term in §361.5(b)(54).
- (n) Personal assistance services in accordance with the definition of that term in §361.5(b)(39).
- (o) Post-employment services in accordance with the definition of that term in §361.5(b)(42).
- (p) Occupational licenses, tools, equipment, initial stocks, and supplies.
- (q) Rehabilitation technology in accordance with the definition of that term in §361.5(b)(45), including vehicular modification, telecommunications, sensory, and other technological aids and devices.
- (r) Transition services in accordance with the definition of that term in §361.5(b)(55).
- (s) Technical assistance and other consultation services to conduct market analyses, develop business plans, and otherwise provide resources, to the extent those resources are authorized to be provided through the statewide workforce investment system, to eligible individuals who are pursuing self-employment or telecommuting or establishing a small business operation as an employment outcome.
- (t) Other goods and services determined necessary for the individual with a disability to achieve an employment outcome.

**34 CFR 361.49—Scope of vocational rehabilitation services for groups of individuals with disabilities.**

- (a) The designated State unit may also provide for the following vocational rehabilitation services for the benefit of groups of individuals with disabilities:
  - (4) Technical assistance and support services to businesses that are not subject to Title I of the Americans with Disabilities Act of 1990 and that are seeking to employ individuals with disabilities.

**34 CFR 361.60(b)(1)**

(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...
- (3) Contributions by private entities. Expenditures made from contributions by private organizations, agencies, or individuals that are deposited in the account of the State agency or sole local agency in accordance with State law and that are earmarked, under a condition imposed by the contributor, may be used as part of the non-Federal share under this section if the funds are earmarked for—
  - (i) Meeting in whole or in part the State's share for establishing a community rehabilitation program or constructing a particular facility for community rehabilitation program purposes;

## **EDUCATION DEPARTMENT GENERAL ADMINISTRATIVE REGULATIONS (EDGAR)**

### **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. (1) Grantees and subgrantees 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)**

- (a) Basic rule: Cost 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 80.40—Monitoring and reporting program performance.**

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

## **OMB CIRCULARS AS CITED IN THE CFR**

### **2 CFR 225, Appendix A, C.1.**

#### C. Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

### **2 CFR 225, Appendix A, C.2.**

2. Reasonable costs. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally-funded. In determining reasonableness of a given cost, consideration shall be given to:
  - a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.
  - b. The restraints or requirements imposed by such factors as: Sound business practices; arm's-length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
  - c. Market prices for comparable goods or services.
  - d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
  - e. Significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.

### **2 CFR 225, Appendix A, C.3.a.**

3. Allocable costs.
  - a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

### **2 CFR 225, Appendix B, paragraph 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.