FEDERAL FISCAL YEAR 2020 REPORT ON THE GEORGIA VOCATIONAL REHABILITATION AGENCY VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

U.S. Department of Education
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SECTION 1: THE SCOPE OF THE REVIEW

A. Background

Section 107 of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by Title IV of the Workforce Innovation and Opportunity Act (WIOA), 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 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 of the Rehabilitation Act subject to the performance accountability provisions described in Section 116(b) of WIOA. 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 Services under Title VI of the Rehabilitation Act.

In Federal fiscal year (FFY) 2020, RSA conducted a focused review of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the Georgia Vocational Rehabilitation Agency (GVRA). RSA—

- Assessed the performance of the VR and the Supported Employment programs with respect to the achievement of quality employment outcomes for individuals with disabilities, including those with significant and most significant disabilities; and
- Identified strategies and corrective actions to improve program and fiscal performance related to the following focus areas:
    - Performance of the VR and Supported Employment programs; and
    - Financial management of the VR and Supported Employment programs.

The nature, scope, and focus of this review and the process by which RSA carried out its off-site review activities from October 15, 2020 through December 14, 2020, was defined by information, documents, and data submitted by GVRA, as well as technical assistance requests from the VR agency.

B. Review Team Participants

Members of the RSA review team included April L. Trice and Tonya Stellar (Vocational Rehabilitation Unit); RoseAnn Ashby (Technical Assistance Unit); Yann-Yann Shieh (Data Collection and Analysis Unit); and David Steele and David Miller (Fiscal Unit). Although not all team members participated in all aspects of the off-site review, each contributed to the gathering and analysis of information, along with the development of this report.

C. Acknowledgements

RSA wishes to express appreciation to the representatives of GVRA for the cooperation and assistance extended throughout the review process. RSA also appreciates the participation of

others, such as the State Rehabilitation Council (SRC), the Client Assistance Program, advocates, and other stakeholders in the review process.

Section 2: Focus Area – Performance of the State Vocational Rehabilitation Services and State Supported Employment Services Programs

A. Purpose

Through this focus area, RSA assessed programmatic performance leading to the achievement of employment outcomes, including the quality of those outcomes, by individuals with disabilities served in the VR program through an analysis of VR program data, policies and internal controls, the VR process, and service delivery. The analysis below, along with any accompanying findings and corrective actions, is based, in part, on a review of the programmatic data contained in Appendix A of this report. The data used in the analysis are those collected and reported by the VR agency.

B. Analysis of Performance

VR Agency Profile

Resources: Appendix A—Tables 1, 3, and 4

For program year (PY) 2019, GVRA reported a total of 7,166 applicants and 6,556 individuals determined eligible for VR services. During this time, 5,641 individuals received VR services after developing an approved individualized plan for employment (IPE). An additional 49 individuals had an approved IPE but did not receive any VR services. Of those who received services with an approved IPE in PY 2019, most of those served were individuals with cognitive disabilities (40.0 percent of all individuals served), followed by individuals with psychological or psychosocial disabilities (29.3 percent of all individuals served).

Of those who received VR services and exited the VR program, 2,240 individuals, or 18.6 percent, achieved competitive integrated employment or supported employment in PY 2019. GVRA's overall employment rate declined from 39.2 percent in PY 2017 to 30.0 percent in PY 2019. During the review period, VR counselors did not carry individual caseloads, rather participants of GVRA were assigned to teams with team leads. Members of a team worked on cases at different stages of the VR process, severely affecting the fluidity and consistency of services. GVRA communicated that caseloads are no longer assigned to team leads, and VR counselors are now responsible for managing their assigned caseloads. RSA agreed that assigning caseloads to VR counselors should increase accountability and help supervisors identify those employees who need guidance and training in certain VR process areas.

GVRA has been under an order of selection (OOS) since 1979, and all its priority categories remained open during PYs 2017 through 2019. In May 2020, GVRA indicated that it planned to close priority categories 2 and 3 to allow the agency to focus its limited resources on supporting individuals with the most significant disabilities. During the review, RSA clarified that public meetings were required, if the agency planned to close any of its priority categories, and the agency would need to update the VR services portion of the WIOA State Plan to reflect these changes. GVRA provided opportunities for public comment via webform with accessible materials and livestreamed public hearings on the Zoom platform. GVRA submitted State Plan amendments approved by RSA, and priority categories 2 and 3 were closed as of January 2021.

The VR Process

Resources: Appendix A—Tables 1, 4, and 5

Over a two-year period, the number of total applicants decreased from 11,347 individuals in PY 2017, to 10,119 individuals in PY 2018. During the same two-year period, the number of total eligible individuals increased from 9,369 individuals in PY 2017, to 9,418 individuals in PY 2018. Of the 13,308 individuals who exited the program in PY 2018, 2,420 individuals exited from application status before an eligibility determination was made. During the same reporting year, 3,398 individuals exited after an eligibility determination but before developing an approved IPE, and 4,555 individuals exited after an IPE, but did not achieve an employment outcome.

In PY 2019, 2,235 participants exited the VR program in competitive integrated employment or supported employment compared to 1,793 individuals in PY 2018. During the same period, 5,212 individuals exited after receiving services on an IPE without achieving an employment outcome compared to 4,555 individuals who exited in PY 2018. The reasons for exit across PYs 2018 and 2019 included: Unable to Locate (34.1 percent and 29.0 percent, respectively); No longer interested in receiving service or further services (27.5 percent and 27.7 percent, respectively); and all other reasons (22.2 percent and 22.6 percent, respectively). GVRA developed a customer engagement tool that tracks active and closed cases to address the agency's high attrition rate. Supervisors will also be required to review cases before closure to ensure the closure is appropriate and to provide timely feedback to VR counselors.

In PY 2018, 99.8 percent of individuals had their eligibility determinations made timely; however, 40.9 percent involved an eligibility extension, a 29.9 percent increase from PY 2017. GVRA reported that before PY 2017, its case management system could not track eligibility extensions. GVRA has since trained staff on eligibility extensions and how to document this information in its case management system. In PY 2019, the percentage of individuals receiving timely eligibility determinations decreased to 78.6 percent. The agency communicated its commitment to assessing reasons for the decline in timely eligibility determinations from PY 2018 to PY 2019 and improving performance.

Over a two-year period, the percentage of individuals who had an IPE developed within 90 days decreased from 64.4 percent in PY 2017 to 57.5 percent in PY 2018. In PY 2019, the percentage of individuals with IPEs developed within this timeframe increased to 66.9 percent. GVRA acknowledged the need to assess barriers and challenges to the timely development of IPEs. The agency reported that it has been inconsistent with holding staff accountable for performance expectations, and some viewed these measures as optional. GVRA communicated that it has started to review eligibility determinations and IPE development before the 60-day and 90-day timeframes, respectively, and distributes weekly reports to aid supervisors and VR counselors in this process. In addition to the distribution of reports, RSA recommended that GVRA also develop and implement policy directives or agency guidance and ensure staff is adequately trained on these measures.

VR Services

Resources: Appendix A—Tables 6, 7, and 11

During PY 2018, GVRA provided VR services to a total of 22,583 individuals. Of those individuals, 80 individuals (0.4 percent) received graduate degree training, 624 individuals (2.8 percent) received bachelor's degree training, 33 individuals (0.1 percent) received junior or community college training, 817 individuals (3.6 percent) received occupational or vocational training, and no one was reported as receiving customized training.

Of the 22,583 participants who received VR services during PY 2018, GVRA reported only 14.0 percent of the participants, or 3,161 individuals, were eligible for measurable skill gains (MSGs). Further, GVRA reported 760 participants, or 24.0 percent of those eligible for MSGs, achieved a total of 762 MSGs. GVRA discussed the inconsistencies with the data reported through the RSA-911 in PY 2017 and PY 2018. The agency implemented an interagency workgroup to review MSG processes and identified significant issues with the agency's case management system (e.g., data collection and reporting). GVRA has provided staff with MSG and credential attainment (CA) training, issued guidance, and updated its case management system to report and track these performance elements. As a result of these activities, GVRA's MSG rate improved, and in PY 2019, 1,576 participants, or 34.1 percent of those reported as eligible for MSGs, achieved a total of 1,581 MSGs.

During PY 2019, GVRA either underreported or did not provide career and other services, as demonstrated by the RSA-911 report. Of the 21,887 participants who received VR services in PY 2019, GVRA reported providing no vocational guidance and counseling to VR participants. During this same period, GVRA reported the following percentages of career and other services to its participants: job placement assistance (8.5 percent), diagnosis and treatment of impairment (14.3 percent), assessment services (4.0 percent), short-term job support (two participants reported), supported employment services (3.2 percent), benefits counseling (0.0 percent), customized employment services (0.0 percent), and information and referral services (0.0 percent). A more comprehensive list that includes the number of participants and percentages who received training, career, and other services for PY 2017 and PY 2018 is in Appendix A, table 6 of this report.

Throughout the review, the agency communicated that migrating from one case management system to another affected the tracking and reporting of VR services. Some data elements did not transfer to the new case management system. For other data elements (e.g., vocational guidance and counseling), the agency's case management system only captured purchased services. The agency found it imperative to reexamine its case management system's configurations and implemented a workgroup to assess how VR counselors capture and report data. As a result of these activities, GVRA activated an "actual services" mechanism in its case management system to capture non-purchased services provided by staff.

GVRA acknowledged the need to train staff further on coding processes and requirements to ensure all services are recorded and accurately reported. RSA recommended that, in addition to training staff, GVRA should issue policy directives or appropriate agency guidance to ensure services are accurately coded, tracked, and reported at the time of service provision.

Employment Outcomes

Resources: Appendix A**-** Tables 1, 4, 5, 6, 8, 9, and 10

The overall number of individuals achieving competitive employment outcomes reported by GVRA decreased from 2,316 individuals in PY 2017 to 2,235 individuals in PY 2019. The median hourly earnings at exit for those who achieved competitive integrated employment in PY 2018 was $9.24 per hour and the median hours worked at exit was 30 hours. The median hourly wage for GVRA participants increased from $9.00 in PY 2017 to $9.24 in PY 2018, and $9.50 in PY 2019.

During this same period, GVRA reported the five most common employment types using the Standard Occupational Classification (SOC) titles for PY 2018 were office and administrative support occupations (461 individuals); food preparation and serving related occupations (270 individuals); building and grounds cleaning and maintenance occupations (211 individuals); transportation and material moving occupations (172 individuals); and sales-related occupations (143 individuals). All five occupational categories reflected median hourly earnings of $9.00.

GVRA reported that the agency uses labor market trends to meet the employers' needs throughout the State and works with Georgia's Department of Labor to identify data-driven trends. RSA communicated that VR staff should be knowledgeable of current labor market trends when providing VR guidance and counseling and other VR services to participants of the agency.

Internal Controls

The RSA review team assessed performance accountability in relation to the internal control requirements in 2 C.F.R. § 200.303. Internal controls are a process, implemented by a non-Federal entity, designed to provide reasonable assurances regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. Internal controls are established and implemented as a measure of checks and balances to ensure proper expenditures of funds. Internal controls serve to safeguard assets and prevent fraud, waste, abuse, and mismanagement. They include methods and procedures the grantee uses to manage the day-to-day operations of grant-supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.

Policies and Procedures

Before the review, RSA requested documentation from GVRA that outlines its policies and procedures related to the case service records; reporting on the RSA-911; and its internal control processes (e.g., case management system internal controls). The agency also provided RSA with a description of various parts of its quality assurance (QA) process, including VR intake and case transfer process, case budget, case management system internal controls, and case closure policies.

GVRA conducts case reviews quarterly. The policy manager distributes a QA schedule to district-level supervisors, and those supervisors use a QA review tool to complete its case reviews. VR counselors are assessed on policy interpretation, service planning and provision, case management practices, case file documentation, and other critical components of the VR service process. When reviewing case files, the supervisor lists concerns found during the review on a correction action form. The supervisor assigns a "due date" for each item listed and returns the case file to the VR counselor to make the necessary updates. Once the review is complete, a QA report is submitted to the agency's policy manager to consider further quality improvement for areas identified during the case service record review. Supervisors are also encouraged to keep records of the correction action forms to discuss at VR counselors' mid-year and annual evaluation meetings and assess if a VR counselor's performance has improved or whether additional training is needed. RSA recommended that GVRA include MSG and CA information in its quality assurance tool to monitor VR counselor performance in this area.

RSA found that GVRA's case management policies were up to date for the reporting years, but the agency lacked sufficient standard operating procedures (SOPs). Of those SOPs submitted, RSA determined the forms were finalized during the period of the review. GVRA communicated that it was still developing SOPs that align with current policy and VR counselors' performance expectations. The agency is creating a policy team and will include members from GVRA's staff, the State Rehabilitation Council, and the Client Assistance Program to help aid this process.

Under GVRA's previous administration, the agency dismantled its training team and created a career specialist position in place of hiring credentialed counselors. While bachelor's degrees in any field were a requirement for the career specialist position, the agency did not mandate a candidate have experience in the rehabilitation, disability, or social service fields. Therefore, as confirmed by the agency's CSNA and an independent consultant assessment report, employees were not equipped to perform the role of a counselor, nor was training available. A team lead by an individual with a Certified Rehabilitation Counselor designation supervised the career specialists, who managed caseloads. GVRA communicated that some staff might not fully understand the scope of VR services. As reported in the agency's assessment report, 80 percent of VR staff surveyed did not feel prepared to work with participants with disabilities and reported the receipt of inconsistent and insufficient training on VR processes and policies. RSA recommended that the VR agency assess staff training needs and begin implementing training during staff meetings and supervisory one-on-one meetings with employees.

C. Technical Assistance and Recommendations

Attrition

RSA recommended that GVRA evaluate the cause for the decline in individuals accessing services and the increase in those exiting at various stages of the VR process before achieving an employment outcome, and develop goals with measurable targets to engage and retain individuals from the time of application to the receipt of VR services.

Timely Eligibility Determinations and IPE Development

RSA recommended that GVRA assess and evaluate current procedures for tracking and monitoring counselor performance and efficient practices to ensure timely eligibility determination and IPE development. RSA also recommended that the agency assess staff training needs and begin implementing training time during staff meetings and supervisory one-on-one meetings with employees.

RSA provided GVRA with the following technical assistance documents: COVID-19 FAQ-21-01; TAC 17-01: Performance Accountability Guidance for Workforce Innovation and Opportunity Act Title I, Title III and Title IV Core Programs and TAC 19-01: Guidance for Validating Jointly Required Performance Data Submitted under the Workforce Innovation and Opportunity Act (WIOA); the Workforce Innovation Technical Assistance Center and RSA's Calculating VR Program Performance for MSG in Program Years 2020 and 2021; RSA's Overview and Discussion of Federal Regulations on Employment Outcomes and Competitive Integrated Employment; and the Michigan Department of Health and Human Services, Michigan Rehabilitation Services Competitive Integrated Employment Evaluation Tool.

Supported Employment Policies and Procedures

RSA provided technical assistance on GVRA's policies specific to supported employment services(issued November 1, 2017). Specifically, RSA—

- Clarified for purposes of section 416.1.07.C.1. that discovery is not a supported employment process nor is it supported employment services. A discovery profile may be developed under VR services using Title I funds, not supported employment services under Title VI.
- Clarified that components of the supported employment work plan should include services after placement, but not the job development and placement strategies currently reflected in policy 416.1.08.
- Clarified for purposes of sections 416.1.09 and 416.2.04 4 that job development and placement are not supported employment services, but rather are VR services.
- Clarified for purposes of section 416.1.0 that GVRA funds are only available for extended services to youth with most significant disabilities, not adults with most significant disabilities.
- Clarified that extended services may be provided by other entities; however, Titles I and VI funds can only be used for youth with most significant disabilities who need extended services for up to four years until they reach the age of 25.

Formal Interagency Agreement between the Georgia Department of Education and GVRA (SEA Agreement)

RSA and GVRA discussed the statutory and regulatory requirements specific to the formal interagency agreement as described in Section 101(a)(11)(D) of the Rehabilitation Act and 34 C.F.R. § 361.22(b), and the need for GVRA to incorporate the following into its formal interagency agreement (SEA agreement):

- Description of how GVRA will ensure pre-employment transition services and VR services are available statewide pursuant to 34 C.F.R. § 361.48(a)(1), including the

mechanisms used to provide pre-employment transition services to potentially eligible and eligible students;
- Description of how the Georgia Department of Education and GVRA will coordinate "transition planning" and the development of the IPE within 90 days of eligibility determination and prior to leaving the school setting (34 C.F.R. § 361.22(a)(2) and (b)(2)); and
- Documentation requirements and responsibilities of GVRA and LEAs for youth who are known to be seeking subminimum wage, as the current formal interagency agreement did not include the 30-day timeframe described in 34 C.F.R. § 397.20 and § 397.30, and the 10-day timeframe described in § 397.40(d)(2); however, the agreement did include the 45-day timeframe described in § 397.10.

RSA further clarified that the LEAs must transmit the required documentation described in 34 C.F.R. § 397.30 to GVRA, as requirements under Section 511 of the Rehabilitation Act and 34 C.F.R. part 397 must be satisfied before an entity holding a 14(c) certificate may pay an individual with a disability a subminimum wage.

GVRA also may wish to describe in the agreement—

- The option for students to develop IPEs with projected post-school employment outcomes (34 C.F.R. § 361.46(a)(1)). Use of these plans could assist VR counselors and students with disabilities to develop IPEs within the 90-day required time frame;
- Clarification that administrative costs cannot be charged to the funds reserved for the provision of pre-employment transition services (34 C.F.R. § 361.65(a)(3)(iii)(B)), and that GVRA cannot fund licenses that have typically been funded by local educational agencies (LEAs) for the purpose of providing transition services that are also considered special education or related services and that are necessary for ensuring a free appropriate public education (FAPE) to children with disabilities within the State involved (34 C.F.R. § 361.22(c)); and
- Criteria to be used to determine responsibility for services that may be considered special education or related services and VR services, such as the purpose of the service (education or employment outcomes); who customarily provides the services (special education or VR); and eligibility (transition services under IDEA or VR services under the Rehabilitation Act). These suggested criteria from page 55687 of the preamble to the final regulations (81 FR 55629 (August 19, 2016)) were removed from the FFY 2021 version of the formal interagency agreement.

Policies and Procedures

RSA provided technical assistance on GVRA's draft policies covering pre-employment transition services. Specifically, RSA—

- Requested that GVRA include in its policies that IPEs are to be developed within 90 days of the date of eligibility determination and prior to a student leaving the school setting and that students and VR counselors may develop IPEs with projected post-school employment outcomes in accordance with 34 C.F.R. § 361.46(a)(1);

- Clarified that GVRA's order of selection policies must be updated to require the continuation of pre-employment transition services to students with disabilities who were in receipt of such services prior to being determined eligible for VR services and assigned to a closed order of selection priority category, as required in 34 C.F.R. § 361.36(e)(3)(i);
- Recommended that a forecasting methodology be included in GVRA's policies or procedures when the agency is determining whether sufficient funds will be available for providing authorized pre-employment transition services;
- Clarified the requirements in Section 511 of the Rehabilitation Act and 34 C.F.R. part 397, including required responsibilities, documentation, and timelines for GVRA and Georgia Department of Education staff when working with students seeking subminimum wage employment;
- Clarified the services that may be provided using funds reserved for the provision of pre-employment transition services under an approved IPE, if those services are necessary for students to access and participate in pre-employment transition services in accordance with the Notice of Interpretation (NOI): Pre-Employment Transition Services Flexibility Regarding the Use of Federal Vocational Rehabilitation Funds issued electronically to VR agencies by RSA on February 27, 2020, and published in the Federal Register on February 28, 2020;
- Clarified that individualized VR services may be provided concurrently with pre-employment transition services, under an IPE (34 C.F.R. § 361.48(b)); and
- Clarified that policies should be revised to include the processes for tracking and reporting the provision of required activities in the case management system, as well as staff time spent providing such services.

Fiscal Forecasting

RSA provided technical assistance on GVRA's fiscal forecasting methodology, including how to forecast the number of students with disabilities in the State of Georgia in need of pre-employment transition services, project the number of eligible and potentially eligible students with disabilities in the State, accurately determine the number of students currently being served by GVRA, determine the cost per student to provide required activities, and calculate the amount of funds necessary for the provision of required activities under pre-employment transition services to students with disabilities and the cost to participate in the pre-employment transition coordination activities. RSA clarified that fiscal forecasting is based on student need, not staff or fiscal capacity, and that any remaining funds available after all students' needs have been addressed may then be used to engage in authorized activities.

Comprehensive Statewide Needs Assessment

The Comprehensive Statewide Needs Assessment (CSNA) must address the requirements in 34 C.F.R. § 361.29(a)(1)(i)(D) and include the identification of the need for pre-employment transition services and transition services. RSA and GVRA discussed how the CSNA should be used to inform fiscal forecasting, policies, and procedures. GVRA reported the most recent studies commissioned by the VR agency in the PY 2020 State Plan, identified the following barriers for students with disabilities:

- Lack of skills or education needed for job goal;
- Lack of long-term services and on-going job coaching;
- Lack of Transportation; and
- Limited work-based learning experiences for pre-employment transition services.

GVRA reported that its focus on restructuring its service delivery system and dedication of staff to serve students with disabilities was based on its inability to meet the needs of students with disabilities who were potentially eligible for VR services during the period under review. The agency anticipates that the additional staff hired to provide direct services to students with disabilities will enable individuals served to overcome the identified barriers and challenges and to engage in competitive integrated employment.

Case File Content Order

RSA recommended that the Case File Content Order, as well as case file organization and review documents, be updated to align with the passage of WIOA amendments to the Rehabilitation Act. The current case file content order document still includes a section specific to "extended evaluations" which was removed from the statute and regulations, and does not include pre-employment transition services requirements in Section 113 of the Rehabilitation Act, as amended by WIOA and 34 C.F.R. § 361.48(a) or the required data elements for pre-employment transition services (PD-16-04 and PD-19-03).

D. Findings and Corrective Actions

RSA's review of the performance of GVRA in this focus area resulted in the identification of the following findings and the corresponding corrective actions to improve performance.

2.1 Insufficient Internal Controls

Issue: Does GVRA maintain effective internal control over the Federal award to provide reasonable assurance that GVRA was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award.

Requirements: A State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. 2 C.F.R. § 200.303 requires that VR agencies develop an internal controls process to provide a reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, and reliability of reporting for internal and external use; and that this process is established and implemented as a measure of checks and balances to ensure proper expenditures of funds, including the evaluation and monitoring of compliance with statutes, regulations and the terms and conditions of Federal awards.

Additionally, 2 C.F.R. § 200.303, among other things, requires a non-Federal entity to—

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);

- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards; and
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Analysis:

a. Untimely Eligibility Determinations

Over a two-year period, the percentage of timely eligibility determinations increased from 69.3 percent in PY 2017 to 99.8 percent in PY 2018. In PY 2019, the percentage of timely eligibility determinations decreased to 78.6 percent. Under 34 C.F.R. § 361.41(b)(1), eligibility determinations are to be made for individuals who have submitted an application for VR services, including applications made through standard intake procedures in one-stop centers under Section 121 of WIOA, within 60 days, unless there are exceptional and unforeseen circumstances beyond the control of the designated State unit (DSU) and the individual and DSU agree to a specific extension of time or an exploration of the individual's abilities, capabilities, and capacity to perform in work situations is carried out in accordance with 34 C.F.R. § 361.42(e).

GVRA was not in compliance with Section 102(a)(6) of the Rehabilitation Act and 34 C.F.R. § 361.41(b)(1) because GVRA did not make eligibility determinations within the required 60-day period for all individuals whose service records were closed in PY 2017 and PY 2019. Thus, the delivery of VR services essential to the achievement of employment was delayed for each individual whose eligibility was not determined timely during this period. The development and implementation of internal controls for the determination of eligibility in accordance with the Federal requirements will help to avoid any unnecessary delays in this process.

b. Untimely IPE Determinations

GVRA developed IPEs within 90 days following eligibility determination for 64.4 percent of IPEs developed in PY 2017, 57.5 percent of IPEs developed in PY 2018, and 66.9 percent of IPEs developed in PY 2019.

In accordance with 34 C.F.R. § 361.45(a), the VR services portion of the Unified or Combined State plan must assure that an IPE meeting the requirements of Section 101 (a)(9)(A) and 34 C.F.R. § 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for VR services, or if the DSU is operating under an order of selection pursuant to 34 C.F.R. § 361.36, for each eligible individual to whom the State unit is able to provide services, and services will be provided in accordance with the provisions of the IPE.

Also, under 34 C.F.R. § 361.45(e), the IPE must be developed as soon as possible, but no later than 90 days after the date of eligibility determination, unless the State unit and the eligible individual agree to an extension of that deadline to a specific date by which the IPE must be completed. As the performance data demonstrate, GVRA did not develop IPEs in a timely manner pursuant to 34 C.F.R. § 361.45(a)(1) and within the 90-day period pursuant to 34 C.F.R. § 361.45(e). As with the delay in the determination of eligibility, the untimely development of IPEs further delayed the delivery of needed VR services for each individual whose IPE was not developed timely and the implementation of internal controls in this area will help to ensure such delays do not occur.

c. Coding, Tracking, and Reporting of VR Services

In PYs 2017, 2018, and 2019, GVRA did not report its data accurately. As previously discussed, throughout the monitoring process, the agency communicated that migrating from one case management system to another affected the tracking and reporting of VR services. Some data elements did not transfer to the new case management system, and for other elements (e.g., vocational guidance and counseling), the agency's case management system only captured purchased services. RSA discussed the importance of staff training and issuance of policy directives or appropriate agency guidance to ensure that services are accurately coded, tracked, and reported at the time of service provision, including vocational guidance and counseling, customized employment, and information and referral services. Only through the proper tracking and reporting of data can GVRA make well-informed decisions about VR program management and service delivery based on accurate and valid data.

d. Pre-Employment Transition Services Tracking and Reporting

During the review, GVRA communicated that it had not developed the policies, procedures, or internal controls necessary to track and report direct staff time spent on the arrangement or provision of required pre-employment transition services or pre-employment transition coordination activities as required by Section 101(a)(10) (C) and 34 C.F.R. § 361.40. Although GVRA staff are delivering in-house services, the system during the period of time under review did not have the capacity to issue authorizations or track services provided directly by GVRA staff.

The total number of students with disabilities reported by GVRA decreased from 12,560 students with disabilities in PY 2017, to 8,764 students with disabilities in PY 2018, but increased to 9,592 students with disabilities in PY 2019. Of the students reported in PY 2018, 5,771 students were in receipt of pre-employment transition services. Of the students in receipt of such services, 4,105 were students potentially eligible for VR services and 1,666 students were VR applicants. Of the students reported in PY 2019, 4,040 students were in receipt of pre-employment transition services. Of the students in receipt of such services, 2,658 were students potentially eligible for VR services and 1,382 students were VR applicants. However, the number of pre-employment transition services provided increased from 17,937 services in PY 2017, to 20,375 services in PY 2018, but decreased significantly to 12,171 in PY 2019. While the percentage of work-based learning experiences and workplace readiness training increased during this same period, the percentage of job exploration counseling decreased from 25 percent in PY 2017, to 8.4 percent in PY 2018, and slightly increased to 11.2 percent in PY 2019. Counseling on enrollment opportunities in comprehensive transition or postsecondary educational programs at institutions of higher education decreased from 25.5 percent in PY 2017, to 7.9 percent in PY 2018, and remained about the same at 7.5 percent in PY 2019.

GVRA reported that it is aware that it was not able to meet all of the needs of potentially eligible students during the period of time under review; however, its goal is to meet the needs of all students with disabilities once it expands its capacity to provide direct services. GVRA shared that during PY 2020 the agency focused its efforts on the hiring of dedicated staff (35 pre-employment transition services specialists) to directly provide the five required and four pre-employment transition coordination activities.

The VR agency communicated that it has also prioritized updates to its pre-employment transition services codes and costs, as well as its case management system, to better capture data. GVRA conveyed to RSA that the case management system used during PYs 2017 and 2018 could only capture purchased, not direct services. The agency reported making changes to the case management system since PY 2018, including the implementation of two case types: "PTS" (i.e., potentially eligible students) and "traditional VR". GVRA is in the process of working with the Time and Labor State Accounting Office (SAO) to track pre-employment transition services delivery in PeopleSoft via a drop-down menu. This would also include additional staff hours reported for pre-employment transition coordination activities. The new system will allow GVRA to report and track the provision of services for each staff person and student served. Although services purchased through contracts are coordinated outside of the case management system, GVRA reported that VR counselors have the ability to enter services provided and cost for each service (once verified by invoices) into the client or participant case files in the case management system for each student with a disability who is in receipt of pre-employment transition services.

As previously discussed, the VR agency activated an "actual services" mechanism in its case management system to capture non-purchased services and services provided by staff and is in the process of testing for case history and actual services reported.

It is imperative that GVRA develop written policies, procedures, and internal controls to ensure that staff are able to accurately track and report staff time spent on the coordination and provision of pre-employment transition services and each pre-employment transition service provided to each potentially eligible and eligible student with a disability in receipt of such services in accordance with RSA-PD-16-04 and PD-19-03. GVRA shared that once all "pre-ETS specialists" are hired, it will train staff on providing, tracking, and reporting GVRA provided and purchased pre-employment transition services, and assess the cost of pre-employment transition coordination activities to factor into its fiscal forecasting methodology and determine whether GVRA will be able to provide the nine authorized activities under pre-employment transition services.

e. <u>Measurable Skill Gains and Credential Attainment Policies and Procedures</u>
As previously discussed, GVRA implemented an interagency workgroup to review MSG processes and identified significant issues with the agency's case management system (e.g., data collection and reporting). GVRA has provided staff with MSG and CA training, issued guidance, and updated its case management system to report and track these performance elements. As a result of these activities, GVRA's MSG rate improved in PY 2019, where 1,576 participants, or 34.1 percent of those reported as eligible for an MSG, achieved a total of 1,581 MSGs. At the time of the review, GVRA did not have written policies or procedures specific to the requirements for reporting MSG and credential attainment for individuals with disabilities in accordance with 34 C.F.R. § 361.50. Furthermore, RSA recommended that GVRA include MSG and CA information in its QA tool to monitor VR counselor performance in this area.

f. <u>Internal Control: Standard Operating Procedures</u>
GVRA's internal control procedures to ensure the agency maintains an accurate record of services for all applicants and eligible individuals in accordance with 34 C.F.R. § 361.47(a) were inadequate and incomplete. RSA found that GVRA's case management policies were up to date for the reporting years, but the agency lacked sufficient SOPs. As previously discussed, of those SOPs submitted, RSA determined the forms were finalized during the period of this review (e.g., VR intake and case transfer process, case budget, case management system internal controls, and case closure policies). GVRA indicated that it was still developing its SOPs that align with current policy and VR counselors' performance expectations.

Conclusion: In accordance with 34 C.F.R. § 361.12, GVRA must implement policies and procedures that ensure the proper and efficient administration of the VR program, including those necessary to carry out all functions for which the VR agency is responsible. GVRA must develop and implement policies and procedures to collect accurate data and verify its accuracy through the required supporting documentation. GVRA must also monitor and evaluate performance through the agency's internal controls, in accordance with 2 C.F.R. § 200.303. Based on the review of GVRA's existing procedures, RSA determined that GVRA was not in compliance with the requirements in 34 C.F.R. § 361.12 or 2 C.F.R. § 200.303.

Corrective Actions 2.1: RSA requires that GVRA—

2.1.1 Develop internal control policies and procedures to ensure that the provisions of 34 C.F.R. § 361.47 have been met and verified through service record documentation;
2.1.2 Develop internal control policies and procedures to ensure that the requirements at 34 C.F.R. § 361.40 and RSA PD-19-03 for the accurate reporting of its data, including the reporting of staff time spent on the coordination and provision of pre-employment transition services, are met;
2.1.3 Evaluate and assess the effectiveness of agency internal control policies and procedures to ensure compliance and accurate reporting of data;

2.1.4 Ensure that eligibility and IPE determinations are developed in a timely manner and within the timeframes established in Federal regulations unless an extension of that timeframe to a specific date is agreed to by the VR counselor and individual;

2.1.5 Assess and evaluate current procedures for tracking and monitoring VR counselor performance and efficient practices used by high-performing VR counselors and supervisors, including the use of case management tools and reviews to ensure and verify supporting documentation requirements and the verification of employment; and

2.1.6 Develop mechanisms to collect and aggregate these reviews and use the results to inform and conduct necessary training and staff evaluation.

VR Agency Response:

2.1.1- RSA's analysis validates GVRA findings and confirms the necessity of changes already implemented and previously shared during RSA's monitoring visit. To address the issues identified for PYs 2018 and 2019, GVRA developed standard operating procedures to guide staff through the requirements of service record documentation. Additionally, ongoing staff training initiated in 2019 reinforces these standards. To strengthen staff members' application of expectations, these responsibilities are incorporated in their 2022 performance management plans, and supervisors' will be held accountable for documentation. GVRA also formed a policy committee to review current policies and procedures in alignment with these requirements. (It should be noted that the Agency suspended all 2021 performance plan reviews and evaluations due to the pandemic; however, managers are still expected to review and reaffirm new expectations with all employees.)

2.1.2- RSA's analysis validates GVRA findings and confirms the necessity of changes already implemented and previously shared during RSA's monitoring visit. To address the issues identified for PYs 2018 and 2019, VR developed and implemented standard operating procedures (SOPs) for staff to capture delivery and coordination of Pre-ETS, outlined these procedures in the Pre-ETS Definitions & Protocols manual, and trained transition staff on requirements for capturing this data. These efforts were initiated in 2019, and strategies to reinforce SOPs are ongoing. These SOPs include capturing actual services in the case management system as well as staff completing and submitting time allocation documents. The state's Time and Labor system was being evaluated at the time of the monitoring visit to eliminate manual tracking.

2.1.4- RSA's analysis validates current GVRA findings and confirms the necessity of changes already implemented and previously shared during RSA's monitoring visit. To address the issues identified for PYs 2018 and 2019, GVRA established Key Performance Indicators (KPIs). These KPIs are reflected in 2022 performance plans for counselors, who have received training to address expectations. Additionally, leadership added accountability measures to supervisors' performance plans to address expectations that managers monitor timeliness and accuracy. The VR case management reporting module tracks progress and adherence to SOPs. Leadership will address any resulting concerns with ongoing guidance and training. Additionally, GVRA is recruiting and hiring 37 more counselors to ensure eligibility determinations and IPE development are timely.

2.1.5- RSA's analysis validates current GVRA findings and confirms the necessity of changes already implemented and previously shared during RSA's monitoring visit. To address the issues identified for PYs 2018 and 2019, VR re-established a robust training and development unit that is actively designing, developing, and delivering specific and targeted courses and curricula. Courses provided between January and April 2021 include Supervisor On-Boarding, Case Management, Employment Specialist NET utilization, Determination of Eligibility/Order of Selection, Self-Employment, VR Process Overview, and targeted courses for specialty counselors. Performance management plans reinforce expectations and adherence to established SOPs. Both formal and informal quality assurance reviews occur regularly. GVRA has also contacted all four Technical Assistance Centers to explore intensive TA options.

2.1.6- RSA's analysis validates current GVRA findings and confirms the necessity of changes already implemented and previously shared during RSA's monitoring visit. To address issues identified for PYs 2018 and 2019, VR's Policy & Compliance unit has collected and analyzed quality assurance data. During PYs 2018 and 2019 review period, supervisors and leadership did not utilize the collected information. However, VR leadership has since reorganized VR structure and outlined new performance expectations for PYs 2020 and 2021. Leadership now receives case review findings regularly and holds supervisors accountable for addressing performance deficits. The Training and Development unit also utilizes the findings to develop and deliver training to improve performance and compliance.

RSA Response: RSA appreciates GVRA's acknowledgement of the findings and has incorporated GVRA's clarifications made through its comments into this report, as appropriate. RSA stands ready to provide technical assistance on any of the issues described in this finding.

VR Agency Request for Technical Assistance: None at this time

2.2 State Educational Agency (SEA) Agreement with the Georgia Department of Education (GaDOE)

Issue: Does GVRA have an executed SEA agreement that complies with Section 101(a)(11)(D) of the Rehabilitation Act, as amended by Title IV of WIOA and 34 C.F.R. § 361.22(b).

Requirements: In accordance with Section 101(a)(11)(D) of the Rehabilitation Act, as amended, and 34 C.F.R. § 361.22(b), VR agencies are required to enter into formal interagency agreements with SEAs in order to facilitate the seamless transition of students with disabilities from the receipt of educational services, including pre-employment transition services, in school to the receipt of vocational rehabilitation services.

Pursuant to Section 101(a)(11)(D) of the Rehabilitation Act, as amended by Title IV of WIOA, the formal interagency agreement must describe, at a minimum—

- Consultation and technical assistance to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including pre-employment transition services and other VR services;
- Transition planning by State VR agency and school personnel for students with disabilities that facilitates development and implementation of their individualized

education programs (IEP) under Section 614(d) of the Individuals with Disabilities Education Act (IDEA);

- The roles and responsibilities, including financial responsibilities of each agency; and procedures for outreach to and identification of students with disabilities who need transition services;
- Coordination necessary to satisfy documentation requirements set forth in Section 511 of the Rehabilitation Act and 34 C.F.R. Part 397, with regard to students and youth with disabilities who are seeking subminimum wage employment; and
- An assurance that neither the SEA nor the LEA will enter into an agreement with an employer holding a Section 14(c) certificate under the Fair Labor Standards Act (FLSA) for the purpose of operating a program in which students or youth with disabilities are paid subminimum wage.

Analysis: GVRA's previous formal interagency agreement with the GaDOE was executed on September 24, 2019, and remained in effect until June 30, 2020. A new SEA agreement was issued on November 19, 2020, and will be in effect until June 30, 2021. During the four-month lapse in time between executed SEA agreements, RSA provided technical assistance on the requirements for formal interagency agreements further summarized in Section C of this focus area. Despite this technical assistance, the formal interagency agreement that became effective in November 2020 is not in compliance with the minimum requirements of a formal interagency agreement with a SEA pursuant to Section 101(a)(11)(D) of the Rehabilitation Act, as amended by Title IV of WIOA (effective July 22, 2014), and 34 C.F.R. § 361.22(b) (effective September 19, 2016).

The current agreement does not include—

- How GVRA will participate in transition planning to facilitate the development of the IEP, and coordination of the individualized plan for employment (IPE) as required by 34 C.F.R. § 361.22(b)(2), or the timeline to develop an IPE prior to leaving the school setting and within 90-days from the date of eligibility determination as required in 34 C.F.R. §§ 361.22(a)(2);
- The provisions for determining the lead agencies and personnel responsible for pre-employment transition services and transition services provided by both special education and the VR program as required by 34 C.F.R. § 361.22(b)(3);
- Procedures for outreach, including how students in need of pre-employment transition services and transition services are to be identified; referred to GVRA and their applications submitted for VR services as required in 34 C.F.R. §§ 361.22(b)(4);
- A description of the timelines for eligibility determination (60-days from the date of application) as required by 34 C.F.R. §§ 361.22(b)(4) and 361.41(b)(1);
- The responsibilities of GVRA and LEAs to youth who are known to be seeking subminimum wage as required by 34 C.F.R. § 397.20 and 34 C.F.R. § 397.30, respectively, including the required coordination to satisfy documentation requirements set forth in 34 C.F.R. part 397 with regard to students and youth with disabilities who are seeking subminimum wage employment; and
- An assurance that neither the SEA or LEA will enter into a contract or other arrangement with an entity, as defined in 34 C.F.R. 397.5(d), for the purpose of operating a program

under which a youth with a disability is engaged in work compensated at a subminimum wage as required by 34 C.F.R. § 361.22(b)(6) and § 397.31.

The current assurance provided in section G of the formal interagency agreement between GVRA and the GaDOE is only for the SEA not LEAs, and the LEAs will only be "advised not to enter into an arrangement with an entity holding a special wage certificate under Section 14(c) of the Fair Labor Standards Act for the purpose of operating a program under which a youth with a disability is engaged in work at a subminimum wage." This assurance is not fully compliant with the requirements in 34 C.F.R. §§ 361.22(b)(6) or 397.31.

Conclusion: During the period of review, RSA determined that GVRA did not execute a formal interagency agreement with the GaDOE that met all of the requirements in Section 101(a)(11)(D) of the Rehabilitation Act and 34 C.F.R. § 361.22(b). In addition, the recently executed agreement of November 19, 2020, did not include all of the statutory requirements. As such, GVRA is not in compliance with Section 101(a)(11)(D) of the Rehabilitation Act or the regulations at 34 C.F.R. § 361.22(b).

Corrective Actions 2.2: RSA requires that GVRA—

2.2.1 Submit a revised formal interagency agreement between GVRA and the GaDOE for RSA's review that is in compliance with the requirements in 34 C.F.R. §§ 361.22(a) and (b) and applicable requirements in 34 C.F.R. Part 397.

VR Agency Response: Due to the importance of the agreement and changes required to include said language and expectations, GVRA sought technical assistance prior to the monitoring visit. In April 2020, GVRA initiated the development of the 2020-2021 school year (2021) SEA agreement. GVRA documented to RSA negotiations to add the required language and deliverables in the SFY 2021 agreement. However, the two parties, GVRA and the Georgia Department of Education (GaDOE), could not come to a consensus for State Fiscal Year (SFY) 2021. GVRA moved forward with signing the updated agreement on September 15, 2020, three weeks prior to RSA's monitoring visit and nearly three months prior to offers of technical assistance on October 28, 2020, and November 4, 2020. Upon approval from its Board, GaDOE signed the agreement on November 19, 2020. It is GVRA's understanding that RSA agreed with the agency's plan to include their feedback in the 2021-2022 school year (2022) SEA agreement.

RSA Response: RSA acknowledges GVRA's efforts and commitment to ensuring that the formal interagency agreement with the GaDOE is in full compliance with the requirements in 34 C.F.R. § 361.22(b). As discussed during the review period, a SEA agreement is not executed until it is signed by all parties. Therefore, the current SEA agreement was not executed until November 19, 2020. During the review period, RSA provided technical assistance to GVRA to ensure that the next SEA agreement was developed prior to June 30, 2021, when the current SEA agreement expired, and fully compliant with the Federal statutory and regulatory requirements. RSA will continue to provide any requested technical assistance to GVRA.

VR Agency Request for Technical Assistance: GVRA appreciates RSA's technical assistance that included a sample SEA agreement. GVRA is utilizing the example agreement and RSA guidance to improve and develop the 2022 SEA agreement. GVRA will seek assistance from RSA during the negotiations with GaDOE as the 2022 SEA agreement is developed.

SECTION 3: FOCUS AREA – FINANCIAL MANAGEMENT OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS

A. Purpose

Through this focus area RSA assessed the financial management and fiscal accountability of the VR and Supported Employment programs to ensure that: funds were being used only for intended purposes; there were sound internal controls and reliable reporting systems; available resources were maximized for program needs; and funds supported the achievement of employment outcomes for individuals with disabilities, including those with the most significant disabilities, and the needs of students with disabilities for pre-employment transition services.

B. Scope of Financial Management Review

As part of RSA's fiscal monitoring, RSA reviewed the cost allocation methodology for Roosevelt Warm Springs. The cost allocation methodology is detailed in the document titled "GVRA Roosevelt Warm Springs Cost Allocation Methodology – Effective July 1, 2018." After several conference calls and email requests for clarification, fiscal staff had not completed their review of the cost allocation methodology at the time this report was published. Therefore, RSA will follow-up regarding this area of review at a later date, separately from the monitoring report.

During the monitoring process, RSA reviewed the following areas related to financial management and accountability:

Period of Performance

Period of performance is the time during which the non-Federal entity (grantee) may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.77). In order to accurately account for Federal and non-Federal funds, the VR agency must ensure that allowable non-Federal and Federal obligations and expenditures are assigned to the correct FFY award. RSA uses the financial information reported by the grantee to determine each VR agency's compliance with fiscal requirements (e.g., reservation of funds, matching, maintenance of effort (MOE), etc.). The RSA review team assessed GVRA performance in meeting the period of performance requirements related to the proper assignment of obligations and expenditures to the correct grant award(s).

VR Program Match

VR program regulations require that the State must incur a portion of expenditures under the VR services portion of the Unified or Combined State Plan from non-Federal funds to meet its cost sharing requirements (34 C.F.R. § 361.60). The required Federal share for expenditures made by the State, including expenditures for the provision of VR services and the administration of the VR services portion of the Unified or Combined State Plan, is 78.7 percent. The State's share is 21.3 percent. The RSA review team assessed GVRA performance in meeting the matching requirements for the VR program, including whether the matching level was met, as well as whether the sources of match were consistent with Federal requirements and any applicable MOE issues.

The RSA review team addressed requirements pertaining to the following sources of non-Federal share used by the State as the match for the VR program:

- State appropriations and interagency transfers;
- Establishment projects; and
- Randolph-Sheppard set-aside.

Supported Employment Program Match

Supported Employment program regulations require that the State expend 50 percent of its total Supported Employment program allotment for the provision of supported employment services, including extended services, to youth with the most significant disabilities. The Supported Employment program funds required to be reserved and expended for services to youth with the most significant disabilities are awarded through the SE-B grant award. The Federal share for expenditures from the State's SE-B grant award is 90 percent. The statutorily required 10 percent match requirement applies to the costs of carrying out the provision of supported employment services, including extended services, to youth with the most significant disabilities. This means that the 10 percent is applied to total expenditures, including both the Federal and non-Federal shares, incurred for this purpose, and that the non-Federal share must also be spent on the provision of supported employment services, including extended services, to youth with the most significant disabilities.

The RSA review team assessed the matching requirements for the Supported Employment program, including an assessment of whether the matching level was met, as well as whether the sources of the match were consistent with Federal requirements.

Prior Approval

The Uniform Guidance (2 C.F.R. § 200.407) requires prior written approval (prior approval) for various grant award activities and proposed obligations and expenditures. RSA reviews and approves prior approval requests on behalf of the Department of Education. The RSA review team examined GVRA's internal controls to ensure that the VR agency is meeting the prior approval requirements.

Vendor Contracts

The RSA team reviewed three areas related to vendor contracts:

- Determining rates of payment;
- Supporting documentation for payments; and
- Contract monitoring.

This review area included contract agreements pursuant to the Randolph-Sheppard Business Enterprise Program.

C. Technical Assistance and Recommendations

Succession Planning—Given the persistent turnover in key personnel GVRA experiences, RSA encouraged GVRA management to develop policies for successive leadership, including the annual review of new Federal fiscal year Grant Award Notification terms and conditions, to ensure internal control policies are updated and revised annually, based on the most recent terms and conditions of the grant award.

D. Findings and Corrective Actions

3.1 Insufficient Internal Controls Over State Vocational Rehabilitation Services (VR) Expenditures

Issue: Does GVRA maintain effective internal control over the Federal award to provide reasonable assurance that it is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award.

Requirements: A State VR agency must assure, in the VR services portion of the Unified or Combined State Plan, that it will employ methods of administration that ensure the proper and efficient administration of the VR program. These methods of administration (i.e., the agency's internal controls) must include procedures to ensure accurate data collection and financial accountability (34 C.F.R. § 361.12).

"Internal controls" means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations (2 C.F.R. § 200.61).

Additionally, 2 C.F.R. § 200.303, among other things, requires a non-Federal entity to—

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award…;
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- Evaluate and monitor the non-Federal entity's compliance with statute, regulations, and the terms and conditions of Federal awards; and
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

In accordance with the Uniform Guidance (2 C.F.R. § 200.302(a)), a State's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the award, must be sufficient to permit the—

- Preparation of reports required by general and program-specific terms and conditions; and
- Tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Furthermore, provisions at 2 C.F.R. § 200.302(b)(4) require that the financial management system of each non-Federal entity must ensure effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.

In its guidance titled The Role of Internal Control, Documenting Internal Control, and Determining Allowability & Use of Funds, the Department states that internal controls represent those processes by which an organization assures operational objectives are achieved efficiently, effectively, and with reliable, compliant reporting.

Therefore, an internal control deficiency would exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or correct processes that might lead to noncompliance with Federal and State requirements.

Analysis: RSA found several areas of concern that fall within the internal control focus area. These areas are identified below.

3.1.1 Prior Approval Internal Control Deficiencies

3.1.1.1 <u>Capital Expenditures at Community Rehabilitation Program (CRP) Facilities</u> – GVRA has submitted several prior approval requests to RSA in which it has requested approval to pay costs up to a certain amount (e.g., $150,000) for repairs, including the replacement of capital equipment at the State-operated Roosevelt Warm Springs CRP facility. However, RSA is unable to approve such requests on an aggregate basis because costs for capital improvements at a CRP facility are subject to the establishment, development, or improvement of a CRP requirements identified in the VR program regulations. These requirements include, for example, pre-planning requirements such as an evaluation of the needs of VR participants in the Comprehensive Statewide Needs Assessment, and evidence of a public meeting for the State Plan containing plans to establish, develop, or improve a CRP (34 C.F.R. §§ 361.20(a) & 361.29). RSA does not have the authority to approve costs for capital expenditures at a CRP unless the requirements to establish, develop, or improve a CRP have been met, including those at 34 C.F.R. §§ 361.20(a) & 361.29.

In accordance with 2 C.F.R. § 200.452, costs incurred for maintenance and repair which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. However, costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures.

Based on RSA's review of GVRA's internal controls during the period under review, GVRA does not have internal controls sufficient to ensure maintenance and repair costs, which do not require prior approval, are treated separately from repair costs for equipment and other capital expenditures at its State-operated CRP facilities. Sufficient internal controls would ensure the establishment of CRP provisions have been met before requesting prior approval from RSA to pay capital improvement costs at CRP facilities.

3.1.1.2 Prior Approval Period of Applicability – During the period under review, GVRA did not have internal controls in place sufficient to ensure costs approved by RSA are incurred during the period of performance of the FFY award identified in the approval, and if the costs must be incurred under a different FFY award, a separate prior approval request is submitted and approved under that different FFY award. Specifically, GVRA did not submit to RSA an updated and complete prior approval request to use available FFY 2017 funds to obligate costs RSA originally approved for obligation under the FFY 2014 VR award (see additional background at Finding 3.1.2.2. below).

GVRA's internal controls over prior approval processes must ensure that prior approval is requested for the appropriate costs for the proper grant award.

3.1.2 **Missing or Ineffective Internal Controls**

3.1.2.1 Service Authorization Expiration – During the monitoring activity, GVRA staff stated that service authorizations expire within 6 months, or at the end of the State fiscal year, whichever is earlier. However, staff were unable to provide written documentation of this policy or procedures the agency uses to ensure the policy is carried out by staff who authorize services. It is important that GVRA have internal control processes to ensure that obligations made to grant awards are liquidated within the liquidation period of the award.

3.1.2.2 VR Program Match Planning, Tracing, and Reporting – As noted in FFY 2017 VR Grant Award Notification Attachment RSA-1, Section 19(b) of the Rehabilitation Act requires grantees to satisfy the applicable non-Federal share requirement for the year in which the Federal funds were appropriated in order to carry over those funds to the subsequent FFY. Based on a review of GVRA's FFY 2017 match reported on the Final SF-425 report, the agency expended $502,368 more in Federal share than it was allowed to expend based on the amount of non-Federal share it obligated by the end of the FFY of appropriation. RSA informed GVRA of this match shortfall on March 9, 2020, when RSA sent the agency a pre-closeout notice. GVRA subsequently identified

$502,368 in bond payments for construction, obligated during the period of performance of the award's FFY of appropriation, that it had not reported as match.

RSA originally approved the construction activity as establishment or improvement of a facility for a CRP in FFY 2014; however, the construction was not carried out until FFY 2017. While GVRA inquired about use of the construction bond funds as match, GVRA did not submit an updated and complete prior approval request to RSA for use of the funds under the FFY 2017 award. In responding to RSA's March 9, 2020 pre-closeout notice, GVRA provided complete supporting documentation, including the original 2014 letter in which RSA approved the construction activity costs. GVRA then asked to revise its Final (8th quarter) FFY 2017 VR SF-425 report to include $502,368 in bond payments for construction as match, which RSA approved.

Per 34 C.F.R. § 361.60(a)(2), the Federal share for expenditures made for the construction of a facility for CRP purposes may not be more than 50 percent of the total cost of the project. In this case, the total project cost applicable to the FFY 2017 VR award was $1,004,736. Fiscal Table 1 in Appendix B notes the amount of Federal award funds matched but not used as ($502,368). This amount represents the 50 percent of the construction costs GVRA paid using Federal funds.

RSA's instructions for completing the Federal Financial Report (SF-425) for the VR program, Policy Directive 15-05, requires grantees to enter on Line 12a the non-Federal share of expenditures, also included in the total amount of non-Federal expenditures reported on line 10j, incurred for the establishment or construction of facilities for CRP purposes (34 C.F.R. § 361.62(b)). In neither its originally submitted SF-425 reports, nor in the report it revised to include the construction expenditures, did GVRA update Line 12a, non-Federal Share of Expenditures for the Establishment or Construction of Facilities, as it was required to do. By not reporting this data on Line 12a, GVRA misrepresented its total non-Federal share that RSA uses to calculate levels of Maintenance of Effort (MOE) and is the basis by which RSA assigns MOE penalties. GVRA's internal control processes must ensure the accurate reporting of non-Federal and Federal expenditures.

3.1.3 Excessive Cash on Hand

GVRA reported excessive cash on hand balances in its SF-425 Federal financial reports as identified below.

H126A200089	4th quarter	$2,018,865	(no remark)
H126A200089	2nd quarter	$930,251	(no remark)

The Cash Management Improvement Act and Federal regulations at 31 C.F.R. part 205 and 2 C.F.R. § 200.305(b) require grantees subject to a Treasury-State Agreement (TSA) to follow the cash management processes prescribed in said agreement. Per the Georgia TSA, effective July 1, 2019, GVRA must pay out Federal funds credited to its State account according to the terms of the agreement. GVRA was not in compliance with these cash management requirements due to the excessive cash on hand balances it reported. GVRA must ensure that its internal controls ensure compliance with the TSA and minimize the amount of excess Federal funds held by GVRA.

RSA-PD-15-05, Revisions to PD-12-06, instructions for completing the Federal Financial Report (SF-425) for the State Vocational Rehabilitation Services program, instructs VR grantees that if more than three business days of cash are on hand, RSA requires an explanation on line 12, Remarks, explaining why the drawdown was made prematurely or other reasons for the excess cash; however, Line 12, Remarks is empty in the above noted reports. If the reason for reporting cash on hand, for example, is related to the Estimates and Reconciliation of Estimates instructions in section 6.1.4 of the TSA, then GVRA could identify the applicable terms of the State unique funding technique on Line 12, Remarks and provide further details regarding its application in this instance as an explanation.

Conclusion: Based on the analysis, RSA has determined that GVRA is not in compliance with the internal control requirements pursuant to the Uniform Guidance at 2 C.F.R. § 200.303. GVRA will improve management of the Federal award to ensure better compliance with Federal statutes, regulations, and the terms and conditions of the award – particularly in the areas of capital expenditures at CRP facilities, prior approval period of applicability, service authorization expiration, VR match planning and tracing, and Federal financial reporting – by carrying out the corrective action steps identified below.

Corrective Action 3.1: RSA requires that GVRA—

By the end of the first quarter following the date of the final monitoring report, develop and establish written internal control processes and activities, including a monitoring component, which address the internal control deficiencies noted in each part of this finding to ensure ongoing compliance with current and future requirements. Submit these for review to RSA on a schedule that allows for time for revision based on feedback from RSA, by the end of the second quarter following the date of the final monitoring report.

By the end of the third quarter following the date of the final monitoring report:

a) fully implement the approved written internal controls developed in this Corrective Action. If the approved process will include a training period before actual operationalization of the internal controls is able to occur, notify RSA of this prior to the end of the first quarter following the date of the final monitoring report;

b) document with evidence how the internal controls were carried out; and

c) analyze the effectiveness of the new internal control processes and identify changes GVRA will make to improve processes (including a timeline), based on the analysis.

VR Agency Response:

Comment - During the monitoring activity, GVRA staff stated that service authorizations expire within 6 months, or at the end of the state fiscal year, whichever is earlier. This is documented in the Client Services Policy Manual (124.1.30, expenditure of funds).

3.1.1.1 – GVRA recognizes policies and procedures covered during the period of review did not clearly define the distinction between fixed equipment included in building mechanical systems and other types of general purpose equipment for purposes of determining capital building improvements. GVRA continues to update policies and procedures based on the technical assistance received during monitoring to more clearly define building components for determination of capital improvements versus repair and maintenance activities. GVRA would like to clarify that in addition to the streamlined prior approval requests submitted for building related equipment replacements, GVRA has submitted specific prior approval requests to RSA for capital improvements at a State Operated Rehabilitation Center which included evidence that the pre-planning requirements at 34 C.F.R. §361.20 and §361.49 have been met; GVRA has not yet received a determination for the specific prior approval request submitted.

3.1.1.2 – GVRA agrees with RSA’s finding regarding the misapplication of prior approval across multiple grant awards for the construction activity referenced in Section 3.1.1.2. GVRA submitted and RSA accepted the amended Final FFY 2017 VR SF-425 report. Based on the technical assistance provided during monitoring, GVRA is updating its prior written approval policy and related written standard operating procedures.

3.1.2.1 - RSA’s analysis validates current GVRA findings and confirms the necessity of changes already implemented and previously shared during RSA’s monitoring visit. To address issues identified for PYs 2018 and 2019, GVRA created a provider taskforce to analyze current contracts and the outsourcing manual. The task force’s recommendations led GVRA to implement critical and necessary changes to both the provider service agreement and the Provider Guidelines Manual (Outsourcing Manual). The Provider Guidelines Manual outlines procedures and internal control standards, also referenced in the service agreement. There is a section in the Provider Guidelines Manual and in the provider service agreements in FY 2021 that states all invoices must be submitted “within 30 days of the completion of the services being provided”. The 2022 provider service agreements will align with the federal fiscal year. GVRA worked with the system administrator to restructure the VR case management system including establishing a federal hard stop date for authorizations versus the state year, which begins July 1, 2021.

3.1.2.2 – In SFY 2021, GVRA received authorization to be established as a separate accounting unit within the state’s TeamWorks accounting system for SFY 2022. As part of this process and to incorporate technical assistance received during monitoring, GVRA is updating its general ledger identifiers to better align with federal reporting requirements. The updated general ledger identifiers will more clearly differentiate the types of expenditures to be reported on required Federal Financial Reports. Additionally, GVRA began updating its procedures regarding the preparation, review, and approval of Federal Financial Reports to add an additional level of assurance reports. GVRA will make the noted adjustments to the previously filed SF-425 reports in connection with the revisions to be submitted in Finding 3.2.1.4 of this monitoring report.

3.1.3 – GVRA agrees with RSA's comments regarding excessive cash on hand balances and the omission of a required explanation on the respective SF-425's for the reporting period reviewed. Since the filing of the referenced SF-425 reports, GVRA has revised the cash draw process as communicated to RSA by letter dated February 1, 2021. GVRA is in the process of refining the draw process changes and will submit to RSA finalized cash drawdown and true-up procedures within the timelines enumerated by RSA; such procedures will include the process to refund any overdrawn cash balances timely and within CMIA requirements. GVRA will develop updated Federal Financial Reporting procedures to include a documented analysis of cash on hand balances for the determination of the number of days of cash on hand and related comments/disclosure on the respective Federal Financial Reports.

RSA Response: GVRA Comment - RSA notes that while Client Services Policy Manual (124.1.03, expenditure of funds) states that services shall not be authorized for more than six (6) months unless approved by leadership, this section of the policy is silent on the requirement for service authorizations not to exceed the end of the State fiscal year (SFY). While the relevant end of SFY financial controls may be implemented through State and financial system business rules, these controls should be expressed within the written policy regarding expenditure of funds. RSA recognizes this concern may be partially addressed through GVRA's response to, and corrective actions to be taken regarding, finding 3.1.1.2.

3.1.1.1 – RSA will provide a complete response regarding the prior approval requests noted in GVRA's response to Finding 3.1.1.1 under separate cover, following issuance of the final monitoring report.

3.1.1.2 – RSA appreciates GVRA's response to this component of the finding.

3.1.2.1 – Please see RSA's response to GVRA's above Comment.

3.1.2.2 – RSA appreciates GVRA's response to this component of the finding.

3.1.3 – RSA appreciates GVRA's response to this component of the finding.

VR Agency Request for Technical Assistance: GVRA did not identify a specific need for technical assistance in its response to this finding.

3.2 Non-Compliance with VR Program's Requirements Related to the Business Enterprise Program (BEP), established under the Randolph-Sheppard Act

Issue: Whether GVRA satisfied applicable Federal requirements under the VR program (*e.g.*, those governing allowability and allocability of costs and those governing the monitoring of grant-supported activities) that relate to the Business Enterprise Program established under the Randolph-Sheppard Act.

Requirements: Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) outline the allowable activities that States can provide as services to groups related to the Business Enterprise Program (BEP) established under the Randolph-Sheppard Act with Federal VR funds and non-Federal funds used for match purposes under the VR program, specifically:

1) management services and supervision[1] provided by the VR agency, 2) the acquisition by the VR agency of vending facilities or other equipment, 3) the purchase of initial stocks and supplies, and 4) initial operating expenses.

Section 107b(3) of the Randolph-Sheppard Act (20 U.S.C. § 107, et. seq.) permits States to cause to be set aside from the net proceeds of the operation of vending facilities in the State, funds that may be used by the State for certain purposes set forth in the law and described more fully in the regulations at 34 C.F.R. § 395.9. Pursuant to 34 C.F.R. § 395.1(s), "Set-aside funds" means "funds which accrue to a State licensing agency from an assessment against the net proceeds of each vending facility in the State's vending facility program and any income from vending machines on Federal property which accrues to the State licensing agency." Pursuant to 34 C.F.R. § 395.9(b), funds may be set aside only for the purposes of—

(1) Maintenance and replacement of equipment;
(2) The purchase of new equipment;
(3) Management services; [2]
(4) Assuring a fair minimum return to vendors; or
(5) The establishment and maintenance of retirement or pension funds, health insurance contributions, and provision for paid sick leave and vacation time….

Therefore, there are four categories of allowable activities with the set-aside funds under the Randolph-Sheppard program, in accordance with 34 C.F.R. § 395.9, that are also allowable activities as services to groups under the VR program at Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5): maintenance of equipment[3], replacement of equipment, the, purchase of new equipment, and management services. RSA's PAC-89-02 (January 3, 1989) and PD-99-05 (March 19, 1999) are consistent with the statutory and regulatory requirements just described with respect to the use of Randolph-Sheppard program set-aside funds for allowable VR program activities, including for satisfying match and MOE requirements under the VR program.

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[1] The VR regulations at 34 C.F.R. § 361.49(a)(5)(i) makes clear that "management services and supervision," for purposes of the VR program, "includes inspection, quality control, consultation, accounting, regulating, in-service training, and related services provided on a systematic basis to support and improve small business enterprises operated by individuals with significant disabilities. Management services and supervision may be provided throughout the operation of the small business enterprise."

[2] The definition of "management services," for purposes of the Randolph-Sheppard Act at 34 C.F.R. § 395.1(j), is almost identical to the description given for the term "management services and supervision" under the VR program at 34 C.F.R. § 361.49(a)(5)(i) (*see* footnote 1). "Management services means supervision, inspection, quality control, consultation, accounting, regulating, in-service training, and other related services provided on a systematic basis to support and improve vending facilities operated by blind vendors." However, 34 C.F.R. § 395.1(j) further states, "Management services does not include those services or costs which pertain to the ongoing operation of an individual facility after the initial establishment period."

[3] Although "maintenance of equipment" is not specifically authorized under Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) for purposes of the VR program, such expenditures are allowable with Federal funds under 2 C.F.R. § 200.452 when those costs are necessary to keep the equipment in an efficient operating condition, so long as the costs do not add to the permanent value of the property or appreciably extend its intended life. Therefore, Federal VR funds, as well as non-Federal funds used for match purposes, may be used to pay for maintenance of equipment costs, consistent with the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405.

As a recipient of Federal VR funds, GVRA assures in its VR services portion of its Unified or Combined State Plan (State Plan) that it will have methods of administration to ensure the proper and efficient administration of the VR program. These procedures must ensure accurate data collection and financial accountability (34 C.F.R. § 361.12). Pursuant to 2 C.F.R. § 200.302(a), GVRA must have a financial management system that is capable of accounting for all funds under the VR program and for preparing reports required by the VR program. GVRA's financial management system must be sufficient to permit, among other things, the tracing of funds to establish that the funds have been used for allowable purposes in accordance with Federal requirements (2 C.F.R. § 200.302(a)). Except where otherwise authorized by statute, costs are allowable with Federal program funds only if they are necessary and reasonable for the performance of the Federal award and allocable to that award in accordance with Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405 (2 C.F.R. § 200.403(a)).

Finally, the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 C.F.R. § 200.303(a), in pertinent part, requires States to "Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." One of the ways Federal grant recipients ensure they manage the Federal award in compliance with Federal requirements is to monitor grant-supported activities pursuant to 2 C.F.R. § 200.329. Federal grant recipients must monitor their grant-supported activities to ensure compliance with applicable Federal requirements and that performance expectations are being achieved (2 C.F.R. § 200.329(a)). The Federal grant recipient must monitor each program function or activity (*Id.*).

Background: The purpose of Title I of the Rehabilitation Act is to assist States in operating a statewide VR program that is designed to assess, plan, develop, and provide VR services for individuals with disabilities, including individuals with the most significant disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, informed choice, and economic self-sufficiency so that they may prepare for and engage in gainful employment (Section 100(a)(2)(B) of the Rehabilitation Act). Consistent with this purpose, Congress created a nexus between the VR program and the Randolph-Sheppard Act Business Enterprise Program (BEP) at Section 103(b)(1) of the Rehabilitation Act. Specifically, Congress authorized VR agencies to expend VR program funding for the limited purposes authorized by statute for the benefit of groups of individuals with disabilities, and the implementing regulations specifically include business enterprises established under the Randolph-Sheppard Act (20 U.S.C. § 107). In providing these services, the VR program assists blind vendors in their continued pursuit of self-sufficiency.

Pursuant to 20 U.S.C. § 107(a), the purpose of the Randolph-Sheppard Act is to provide "blind persons remunerative employment, enlarg[e] the economic opportunities of the blind, and stimulat[e] the blind to greater efforts in striving to make themselves self-supporting...." RSA designates the State VR agency that serves individuals with disabilities who are blind in each State as the State licensing agency (SLA) under the Randolph-Sheppard Act to administer the

Randolph-Sheppard Vending Facility Program (RSVFP)[4], subject to RSA's approval of an application submitted by such agency pursuant to 34 C.F.R. § 395.3. GVRA is the SLA for the RSVFP in GA. Because Congress never appropriated Federal funds[5] under the Randolph-Sheppard Act for the administration of the RSVFP, SLAs use a combination of: (1) Federal VR funds (and non-Federal funds used for match purposes under the VR program) to pay for expenditures that also constitute allowable VR program expenditures in accordance with Section 103(b)(1) of the Rehabilitation Act, 34 C.F.R. § 361.49(a)(5), and 2 C.F.R. §§ 200.403 through 200.405; (2) set-aside funds in accordance with the purposes authorized by 34 C.F.R. § 395.9; and (3) other State and private funds, as available.

3.2.1 Questioned RSVFP Expenditures under the VR Program

Analysis:

Facts about the Contract Giving Rise to the Questioned Costs: GVRA, through its RSVFP, has an ongoing contract with the Georgia Cooperative Services for the Blind, Inc (GCSB) to serve as the Nominee Agency for GVRA, through which GVRA pays GCSB nearly $1.3 million annually ($1,023,000 in Federal VR funds and $276,900 in State appropriations used for match purposes under the VR program) for the "Administration of the [BEP] [6]" and to provide general accounting and financial services for the [BEP] in promoting and carrying out the policies and regulations established by the AGENCY for the administration of the Vending Facility Program in Georgia." The regulations implementing the Randolph-Sheppard Act permit SLAs to enter into nominee agreements whereby another agency or organization undertakes to furnish services to blind vendors under 34 C.F.R. § 395.15.

According to the contract, GCSB "is responsible for providing fiscal, accounting, and related support services to the vendors of the [BEP]. Such services shall include, but are not limited to, the following: Generating monthly settlement reports, processing cash receipts (turn-ins and commissions), vendor helper payroll, accounts payable, monthly draw (advances drawn from vendor monthly settlement disbursements), monthly sales tax, payroll tax deposits, monthly and annual tax reports (including 1099's and W-2s), reconciliation of Asset and Liability accounts, reconciliation of bank statements, preparing annual budgets, preparing and generating data for various reports including Federal RSA-15 report."

The contract also requires GCSB to provide the following services:

- "To assist with a program for liability and life insurance for each vending facility and vendors…; and

[4] The RSVFP is a specific type of BEP administered by GVRA, as the SLA, under the Randolph-Sheppard Act, and for which GVRA may provide certain VR services, as services to groups of individuals with disabilities, pursuant to Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5).

[5] Congress provided $20 million for Financial Relief and Restoration Payments in Section 318 of the Department of Education Appropriations Act, 2021 to pay for blind vendor losses incurred in calendar year 2020 and which were not previously compensated, but no funds were appropriated to carry out the Randolph-Sheppard Act in general.

[6] The contract refers to business enterprise program. As noted in footnote 4 above, the RSVFP is a type of BEP and is administered by GVRA in Georgia.

- To assist with a retirement and a health insurance program, if set-aside funds are available and such programs are requested by the Committee of Blind Vendors and approved by the AGENCY."

The contract states the funds to finance the liability and life insurance "shall come from the contract funds," which is paid with Federal VR funds and State funds used for match purposes under the VR program.

Finally, GVRA uses the VR contract funds paid to GCSB to pay for the following other RSVFP-related costs:

- Ongoing vendor dues to professional organizations;
- Replacement staff salary at a facility when a vendor receives off-site training; and
- Vendor unemployment insurance.

Applying Federal Requirements to the Expenditures Incurred under the GCSB Contract:

General: Pursuant to Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5), GVRA may use Federal VR funds, as well as non-Federal funds used for match purposes under the VR program, for the following BEP-related expenditures for the RSVFP:

- Management services and supervision provided by the VR agency;
- The acquisition by the VR agency of vending facilities or other equipment;
- The purchase of initial stocks and supplies during the initial establishment period, not to exceed six months; and
- Initial operating expenses during the initial establishment period, not to exceed six months.

Most pertinent to this Finding are "management services and supervision" and initial operating costs, as described at 34 C.F.R. § 361.49(a)(5)(i) and (iii), respectively, for purposes of the VR program. "Management services and supervision" includes "inspection, quality control, consultation, accounting, regulating, in-service training, and related services provided on a systematic basis to support and improve small business enterprises operated by individuals with significant disabilities. Management services and supervision may be provided throughout the operation of the small business enterprise" (34 C.F.R. § 361.49(a)(5)(i)). This means GVRA may use Federal VR funds, as well as non-Federal funds used for match purposes under the VR program, to pay for those ongoing activities that meet the description of "management services and supervision" on a systematic basis to support and improve the small business enterprises operated by individuals with significant disabilities. The "costs of establishing a small business enterprise" for which VR funding may be used "may include operational costs during the initial establishment period, which may not exceed six months."

Distinguishing Between "Management Services and Supervision" and Operating Costs: Federal requirements for both the VR program and the Randolph-Sheppard Act RSVFP make distinctions between the systematic nature of "management services and supervision" provided to small business enterprises in the context of the overall operation of the RSVFP and the nature of other operational costs required for the establishment and operation of individual vending facilities. Both Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) describe "Management services and supervision" activities provided to small business enterprises within the operation of the RSVFP separately from ongoing activities needed to set up a business enterprise and maintain its operation after the initial six-month period. Under the VR program, these distinctions are critical because they determine the allowability of the expenditures with Federal VR funds and non-Federal funds used for match purposes under the VR program. In so doing, 34 C.F.R. § 361.49(a)(5)(i) makes clear that "management services and supervision" may be provided throughout the operation of the small business enterprise, whereas 34 C.F.R. § 361.49(a)(5)(iii) limits initial operating expenses to those costs needed to establish the vending facility, not to exceed six months.

The Randolph-Sheppard regulations make a similar distinction in the definition of management services for the purposes of the RSVFP at 34 C.F.R. § 395.1(j) by specifically carving out from "management services . . . provided on a systematic basis . . . "those services or costs which pertain to the on-going operation of an individual facility after the initial establishment period." In other words, if an operational cost is one that will be ongoing and will extend past the initial six months, it does not constitute a "management service" for purposes of the RSVFP under 34 C.F.R. § 395.1(j). In that case, set-aside funds could not be used to pay for such costs under 34 C.F.R. § 395.9(b) because there is no authority to use set-aside funds to pay for ongoing operational costs of the facility. However, Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5)(iii) permit the VR agency to use Federal VR funds, as well as non-Federal funds used for match purposes (excluding set-aside funds), to pay for costs incurred in the initial operation of a vending facility, not to exceed six months. Just as with funds provided under the VR program under 34 C.F.R. § 361.49(a)(5)(i), an SLA may use set-aside funds for costs incurred in accordance with 34 C.F.R. § 395.9(b) that meet the definition of management services provided to small business enterprises in the context of the overall operation of the RSVFP.

In reviewing the GCSB contract, RSA determined that the activities identified fall under the following categories:

- "Management services and supervision" services provided on a systematic basis to support and improve small business enterprises, as described at 34 C.F.R. § 361.49(a)(5)(i);
- Ongoing operating costs of the individual vending facilities;
- Authorized activities with set-aside funds under 34 C.F.R. § 395.9; or
- Unauthorized activities.

We will discuss each of the categories separately below with respect to their allowability under and allocability to the VR program.

Reviewing the GCSB Contract – Management Services and Supervision: In reviewing the services that GVRA has contracted with GCSB to provide and paid with Federal VR funds and non-Federal funds used for match purposes under the VR program, RSA determined only a few of the services constitute allowable "management services and supervision," as described at 34

C.F.R. § 361.49(a)(5)(i), for purposes of the VR program. Similarly, RSA determined only those same few services constitute allowable "management services," as defined at 34 C.F.R.

§ 395.1(j), for purposes of the RSVFP under the Randolph-Sheppard Act. Specifically, the allowable services, as identified in the GCSB contract, are as follows:

- Promoting and carrying out the policies and regulations established by GVRA for the RSVFP; and
- Preparing and generating data for various reports including Federal RSA-15 report.

The above administrative services are clearly among the activities identified at both 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j) as "management services and supervision" because they involve regulating, accounting, consultation, and other related services provided to the vendors. Second, these services are provided on a systematic basis. None of these activities are tailored for the benefit of an individual vending facility, but rather are done on behalf of all facilities to support and improve the program (i.e., on a systematic basis). As such, GVRA may use Federal VR funds and non-Federal funds used for match purposes (including using set-aside funds for this purpose), under the VR program to pay for the costs incurred under the GCSB contract for these activities. In addition, administrative costs associated with these expenditures also would be allowable so long as the requirements of the Federal cost principles have been satisfied at 2 C.F.R. §§ 200.403 through 200.405.

In addition to the above administrative activities itemized in the contract, GVRA also pays GCSB Federal VR funds, as well as non-Federal funds used for match purposes under the VR program, under the contract to cover the cost of replacement staff when vendors attend "off-site training." The VR regulations at 34 C.F.R. § 361.49(a)(5)(i) make clear that "management services and supervision" includes in-service trainings that support and improve the small business enterprises. However, the GCSB contract does not state whether the "off-site trainings" attended by the vendors would be considered in-service trainings to support and improve their vending facilities or whether the trainings are for other purposes (*e.g.*, personal development, retirement planning, Federal benefits counseling, etc.). To the extent the trainings are necessary to support the vendors and help them improve the operations of their small business enterprises, GVRA could use Federal VR funds, as well as non-Federal VR funds used for match purposes under the VR program, to pay for the training costs as "management services and supervision." Although the in-service training costs are not included in the GCSB contract, the replacement staff salary costs identified in the contract could be allowable as "management service and supervision" if the expenditures incurred for that purpose satisfy the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405. Pursuant to 2 C.F.R. § 200.403(a), except as specifically authorized under law, a cost is allowable if it is reasonable and necessary for the performance of the Federal award and allocable to that award. As in the case of in-service trainings, depending on the specific circumstance, it could be determined to be reasonable, in accordance with 2 C.F.R. § 200.404, to pay the replacement staff's salary if a prudent person would have incurred the cost under the circumstances. Without knowing the nature of the training services and their relationship to the VR program, RSA cannot be certain at this time whether the costs incurred for the replacement staff are allowable as a "management services and supervision" activity with Federal VR funds or non-Federal funds used for match purposes (including using set-aside funds for this purpose).

Reviewing the GCSB Contract – Operational Costs: RSA determined that most of the activities identified in the GCSB contract and paid by GVRA with Federal VR funds, as well as non-Federal funds used for match purposes, are ongoing operational activities for which the vendors should be responsible after the initial establishment period of the facility.

The contract specifies that GSCB is responsible for providing: fiscal, accounting, and related support services to the RSVFP vendors, which include generating monthly settlement reports, processing cash receipts (turn-ins and commissions), vendor helper payroll, accounts payable, monthly draw (advances drawn from vendor monthly settlement disbursements), monthly sales tax, payroll tax deposits, monthly and annual tax reports (including 1099's and W-2s), reconciliation of Asset and Liability accounts, reconciliation of bank statements, preparing annual budgets.... Although each of these services are provided by GCSB on behalf of all vendors, the services pertain to the operations of each individual vending facilities – not systematically (i.e., generally to support and improve their businesses as part of a larger system). For example, under the contract GCSB assists each of the vendors to reconcile their individual bank statements or asset and liability accounts. GCSB also processes 1099s and W-2 forms for each of the vendors and their employees. Additional examples include submitting monthly sales tax forms and making payroll tax deposits on behalf of the vendors for their individual vending facility. On the other hand, a systematic accounting activity as a "management service and supervision" could be the installation of accounting software for each of the vending facilities or training vendors on State law changes regarding sales tax calculations.

In addition to the ongoing operational activities described above, there are three other services identified on the GCSB contract that would be considered ongoing operating expenses under both the VR program and the RSVFP:

- Ongoing vendor dues to professional organizations;
- Liability insurance for each of the vending facilities; and
- Vendor unemployment insurance.

Under the VR program, GVRA may use VR program funds (both Federal and non-Federal matching funds) to pay the costs of ongoing operating expenses that arise during the establishment of the small business enterprise not to exceed six months; however, VR funds cannot be used to pay for these costs beyond the initial six-month period (34 C.F.R. § 361.49(a)(5)(iii)). There is no authority under the Randolph-Sheppard Act to use set-aside funds to pay for ongoing operational costs – even during the first six months of a facility – because the definition of "management services" at 34 C.F.R. § 395.1(j) specifically excludes ongoing operational costs from that definition and there is no other authority under 34 C.F.R. § 395.9 to use set-aside funds for this purpose.

In reviewing the GCSB contract, the text suggests that all of these operational services described above are provided on an ongoing basis and are not limited to the initial six-month period of any vending facility. As one example, the contract describes the payment of professional dues as "ongoing." To the extent GCSB used Federal VR funds, or non-Federal funds used for match purposes under the VR program, paid by GVRA under the contract for any of these operational expenditures beyond the initial six-month period of any vending facility, it was not permitted to do so pursuant to Section 103(b)(1) of the Rehabilitation Act, 34 C.F.R. § 361.49(a)(5), and 2

C.F.R. §§ 200.403 through 200.405. Similarly, administrative costs incurred for these ongoing costs would not be permitted under the VR program, including for match purposes if the underlying cost is incurred beyond the initial six-month period of any vending facility. However, these costs would be allowable under the VR program if incurred during the first six months of the establishment of a vending facility. None of these costs are allowable uses of the Randolph-Sheppard set-aside funds pursuant to 34 C.F.R. § 395.9(b), regardless of when incurred. RSA requires additional information from GVRA as to which of these activities, and the costs incurred, if any, were provided during the initial six-month period of any vending facility; all other costs incurred for these ongoing operational purposes will be considered questioned costs.

The purpose of allowable initial operating costs under the VR program is to assist blind vendors by paying for those on-going costs necessary to start up a vending facility when the vendor may have little to no income to cover these costs. Such expenditures fit squarely within the purpose of the VR program, which is to assist individuals with disabilities, including those with significant disabilities, to achieve employment outcomes and economic self-sufficiency (Section 100(a)(2) of the Rehabilitation Act). With the VR program's financial support for the first six months of any small business enterprise, blind vendors are more likely to become and remain economically self-sufficient.

It is equally consistent with the purpose of the Randolph-Sheppard Act especially given the VR program's nexus to the RSVFP, that the VR agency's financial support for routine operational costs incurred by a blind vendor would be limited to the first six months of the small business. To continue to pay ongoing and routine operational expenses would be inconsistent with the principle of self-sufficiency, which is the foundation of the statutory mandates for both the RSVFP and the VR program. It is because of this close nexus between the two programs that RSA must read the programmatic requirements in a manner that is consistent so that an interpretation under one set of requirements does not undermine the very goals that GVRA and the blind vendors are working toward with the assistance of both programs: economic self-sufficiency, gainful employment, remunerative employment, enlarged economic opportunities, and greater efforts to make themselves self-supporting.

Reviewing the GCSB Contract – Health Insurance as an Authorized Set-Aside Activity: In reviewing the GCSB contract, RSA notes that one of the services identified to be paid with set-aside funds, specifically is: "To assist with a retirement and a health insurance program, if set aside funds are available and such programs are requested by the Committee of Blind Vendors and approved by the AGENCY."[7]

[7] Although specific requirements of the Randolph-Sheppard Act and its regulations are beyond the scope of this Fiscal Finding, RSA notes that this provision of the GCSB contract is not consistent with Federal requirements at 34 C.F.R. § 395.9(b)(5) governing the setting aside of funds for health insurance contributions. Specifically, 34 C.F.R. § 395.9(b)(5) makes clear that funds may be set aside for the establishment and maintenance of retirement or pension funds, health insurance contributions, and provision for paid sick leave and vacation time, if it is so determined by a majority vote of blind vendors licensed by the SLA, after the SLA provides to each vendor the information on all matters relevant to such purposes (emphasis added). Unlike these Federal requirements, the contract improperly stated that the expenditures would be incurred when "requested" by the Elected Committee of Blind Vendors and "approved" by the SLA.

The contract properly makes clear that these costs must be paid with set-aside funds, because these would be allowable expenditures with set-aside funds under 34 C.F.R. § 395.9(b)(5). It is not clear whether GVRA is using these expenditures toward satisfying the match requirement under the VR program, but these expenditures would not be an allowable source of match since the cost itself is not allowable under the VR program with Federal VR funds (see also RSA-PAC-89-02, as revised by RSA PD-99-05). These health and retirement benefits are not among the few services that can be paid under both the set-aside fund and under the VR program (i.e., maintenance of equipment, purchase of new equipment, replacement of equipment, and management services and supervision). Therefore, no VR funds, either Federal or non-Federal may be used to cover any of the costs of the retirement or health insurance benefits.

Reviewing the GCSB Contract – Unauthorized Activities: The remaining service identified in the GCSB contract is not an allowable activity under the VR program and, thus, Federal VR funds and non-Federal funds used for match purposes under the VR program may not be used for this purpose: "To assist with a program for...life insurance for...vendors…, which "shall come from the contract funds" which is paid with Federal VR funds and State funds used for match purposes under the VR program.

The purchase of life insurance is beyond the scope of authorized activities under the VR program, pursuant to Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5). As such, such costs under the VR program are not authorized with either Federal VR funds or non-Federal funds used for match purposes. Furthermore, life insurance is beyond the scope of authorized uses of set-aside funds under the Randolph-Sheppard Act in accordance with 34 C.F.R. § 395.9(b). Therefore, life insurance costs must be borne by the vendors themselves. As such, neither Federal VR funds nor non-Federal VR funds used for match purposes under the VR program may be used to pay for these costs. Similarly, since the underlying activity is not permissible under the VR program, administrative costs for these purposes are not permitted under the VR program, consistent with the requirements of the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405. As such, the administrative costs for these activities would not be necessary or reasonable for the performance of the VR program award. Therefore, to the extent GCSB paid for life insurance contributions for the vendors with Federal VR funds, or non-Federal funds used for match purposes, paid under the contract, such costs would be considered questioned costs. As such, RSA requires additional information from GVRA as to how much money was spent under the VR program for life insurance purposes for the blind vendors.

<u>Lack of Internal Controls</u>: To the extent that GVRA is using Federal VR funds, or non-Federal funds used for match purposes under the VR program, to cover the costs of expenditures that are not authorized under Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5), as identified in this Finding, such expenditures would not satisfy the Federal cost principles of 2 C.F.R. §§ 200.403 through 200.405, thereby making the costs questioned at this time. In so doing, GVRA is not able to satisfy its assurance at 34 C.F.R. § 361.12 that it will administer the VR program in such a manner that ensures proper fiscal accountability, and that it will satisfy the requirements at 2 C.F.R. §§ 200.302 and 200.303. RSA requires further information to determine the amount of funds that were spent on those activities that go beyond the authorized scope of the VR program and were therefore, unallowable. RSA reserves the right to take further action regarding this matter pursuant to 34 C.F.R. part 81.

Conclusion: For the foregoing reasons, RSA determined that some of the expenditures incurred by GCSB under a contract awarded by GVRA and paid with Federal VR funds and non-Federal funds used for match purposes under the VR program, are for activities beyond the authorized scope of the VR program and appear unallowable, thus resulting in questioned costs. For other activities identified in the contract, RSA lacked sufficient information to determine whether the costs fall within the narrow scope of the activities permitted under the VR program or if they are also unallowable. Furthermore, RSA has not reviewed documentation sufficient to determine the amount paid for specific expenditures under the contract. Therefore, RSA questions whether these costs are allowable and requires GVRA to provide additional information adequate to establish that contract expenditures were used according to Federal requirements. GVRA has not satisfied its assurance under 34 C.F.R. § 361.12 or the requirements of 2 C.F.R. §§ 200.302 and 200.303.

Corrective Actions 3.2.1: RSA requires that GVRA—

3.2.1.1. Immediately cease using Federal VR funds, or non-Federal funds used for match purposes under the VR program, to pay for those costs under the GCSB contract that are not allowable activities under Section 103(b)(1) and 34 C.F.R. § 361.49(a)(5) and consistent with the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405;

3.2.1.2. Within 30 days of the date of the Final Report, begin the process of revising the contract with GCSB to make clear—

- Which activities will be paid with Federal VR funds or non-Federal VR funds used for match purposes under the VR program, set-aside funds in accordance with 34 C.F.R. § 395.9, or another source of funding; and
- That Federal VR funds, and non-Federal funds used for match purposes, will be used to pay only those costs incurred that are allowable under the VR program;

3.2.1.3. Within 90 days of the final monitoring report, submit a copy of the revised contract to RSA to demonstrate completion and compliance of Federal requirements; and

3.2.1.4. Revise and re-submit, as necessary, SF-425s for FFYs 2017 through 2019 to ensure that only allowable VR program expenditures related to the BEP, including non-Federal expenditures used for match purposes, were reported. RSA reserves the right to take further action, as appropriate based on any revised SF-425s submitted.

3.2.2 Insufficient Oversight of BEP Administrative Contract

Analysis:

<u>Facts Giving Rise to the Issue</u>: GVRA has been informed of various concerns related to GCSB's contract performance from both internal and external sources, dating back to at least July 2017. Below is a timeline of the issues, as known by GVRA.

- In approximately 2015, an independent audit was conducted and only a draft report was received. According to GVRA during the monitoring activity, State Auditors had previously audited the GCSB contract and identified issues consistent with what the private auditors found; however, the State's audits were never finalized. GVRA administrative and BEP staff interviewed by RSA during the monitoring activity were all aware of the long-standing issues described below with GCSB, which had held the contract on a long-term basis dating back to at least 2013.

- July 11, 2017 – A contract assessment report completed by GVRA staff found unsatisfactory contract performance and that GCSB had failed to meet contractor specifications. The report indicated GCSB did not meet the required scope of work, comply with all reporting requirements, respond to communications or direction, or remediate required issues. Notes indicated that the contract was under legal review.
- September 29, 2017 - GVRA sent a letter to GCSB indicating that the GVRA's "analysis of the contract with the Georgia Cooperative Services for the Blind, Inc., has prompted GVRA to explore alternatives to effectively and efficiently fulfill the services/ deliverables required of the contract. Thus, GRVA has made the decision to renew the contract with the Georgia Cooperative Services for the Blind, lnc. on a month-to-month basis for an indefinite timeframe. "As we continues to evaluate the contract, please anticipate revisions to enhance the existing services/deliverables…."
- October 20, 2017 – GVRA renews contract with GCSB on a month-to-month basis for the period from July 1, 2017 to June 30, 2018[8].
- September 24, 2019 – GVRA noted that GCSB continued to fail to submit timely monthly reports.
- March 16, 2020 – Audit report for the period ending June 28, 2019 noted several repeat audit recommendations that the GCSB had failed to address. Additionally, the auditors noted "certain matters involving the internal control structure and other operational matters."
- June 6, 2020 – GVRA conducted a contract assessment that found "policies and procedures were not consistently followed. In reviewing the past year performance, the COOP [GCSB] failed to communicate and seek approval from the BEP on financial transactions that were taking place with the Vendors and allowing Vendors to communicate request[s] directly to the COOP without redirection. There were a number of comments/recommendations made by the independent auditor which are intended to improve internal control structure operations, which have been the same comments/recommendations for a number of years, that have yet to be implemented…."
- September 22, 2020 – GVRA signed a six-month contract with GCSB, which runs through March 31, 2021. This six-month contract renewal is contrary to the notice provided by GVRA to GCSB on September 29, 2017, through which GVRA had informed GCSB that all contract renewals would be on a month-to-month basis indefinitely for various areas of non-compliance, as noted above. There is no documentation indicating that GVRA resolved the issues that initially necessitated moving to a month-to-month arrangement on September 29, 2017.

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[8] GVRA did not provide RSA copies of the GCSB contract renewals after this period ended until the most recent contract renewal entered into in September 2020, which was for a six-month period through March 2021. However, GVRA had sent GCSB notice on September 29, 2017, that it would be renewing the contract on a month-to-month basis for "an indefinite" period of time due to deficiencies identified during the contract assessment. Therefore, it is not known whether GVRA continued to renew the contract on a month-to-month basis or for a different period of time after June 2018 until September 2020, when it was renewed for six months.

As part of its monitoring activities, RSA requested copies of the corrective action plans imposed by GVRA on GCSB to remedy the identified non-compliance and any related progress reports from GCSB with respect to their corrective actions. GVRA could not produce any corrective action plans that have been developed over the past several years or any progress reports to demonstrate the corrective measures taken by GCSB to address the areas of non-compliance that had been identified in the various audits of GCSB.

Applying Federal Requirements to the Facts: The Uniform Guidance at 2 C.F.R. § 200.303(a) requires GVRA, as a Federal grant recipient, to establish and maintain effective internal controls that provide reasonable assurance that it is managing the Federal award in compliance with Federal requirements. In addition, GVRA must evaluate and monitor its activities to ensure compliance with Federal requirements (2 C.F.R. § 200.303(c)).

To that end, 2 C.F.R. § 200.329(a) requires GVRA to be responsible for oversight of the operations of all grant-supported activities. Given that GVRA uses nearly $1.3 million in VR program funds (both Federal funds and non-Federal funds used for match purposes) to pay GCSB to perform certain BEP-related activities on its behalf under a contract, the GCSB contract and identified services are considered "grant-supported activities" for purposes of 2 C.F.R. § 200.329. As such, GVRA is responsible for oversight of that GCSB contract to ensure compliance with Federal requirements. GVRA must ensure, among other things, that the costs incurred by GCSB are allowable under and allocable to the VR award, consistent with Section 103(b)(1) of the Rehabilitation Act, 34 C.F.R. § 361.49(a)(5), and 2 C.F.R. §§ 200.403 through 200.405.

In performing its oversight responsibilities, GVRA must monitor its activities under its Federal awards to ensure compliance with applicable Federal requirements and performance expectations are being achieved (2 C.F.R. § 200.329(a)). GVRA's monitoring must cover each program function and activity, which would include the GCSB contract (*Id.*). According to the facts outlined above, as learned from documents obtained by RSA during its monitoring of GVRA during FFY 2020, it appears that GVRA monitors GCSB every three years (i.e., in FFY 2017 and FFY 2020) through its "contract assessment" process. In monitoring GCSB's activities under the contract funded by VR program funds, GVRA satisfies only one part of the requirement of 2 C.F.R. § 200.329(a) – the act of monitoring grant-supported activities.

However, the requirements of 2 C.F.R. § 200.329(a) require more than just the mere act of monitoring. Specifically, this provision requires GVRA to—

- Be responsible for oversight of the operations of all grant-supported activities;
- Ensure compliance with all applicable Federal requirements; and
- Ensure performance expectations are being achieved.

With respect to the GCSB contract, compliance and/or performance concerns were noted by GVRA at least as far back as July 2017. At that time, GVRA noted in a contract assessment that GCSB failed to meet contract specifications. Specifically, GVRA staff noted that GCSB failed to meet the required scope of work, comply with all reporting requirements, respond to communications or direction, and remediate required issues. As a result of these concerns, GVRA placed the GCSB on a month-to-month renewal in September 2017. However, GVRA provided no evidence that it had worked with GCSB to develop a corrective action plan to improve the contractor's performance.

In September 2019 – GVRA noted that GCSB continued to fail to submit timely monthly reports to the agency. However, GVRA renewed the contract regularly. At no time did GVRA impose corrective actions on GCSB to require the timely submission of reports, consistent with reporting requirements set forth in the Uniform Guidance. In addition, GVRA did not increase its monitoring of GCSB despite the deficiencies noted in FFY 2017. In fact, GVRA did not monitor GCSB in FFY 2018 or FFY 2019 at all.

In March 2020, GVRA received an audit report that noted several repeat audit recommendations that GCSB had failed to address previously. Additionally, the auditors noted concerns with GCSB's internal controls and other operational matters. In June 2020, GVRA conducted another contract assessment in which it found that GCSB consistently failed to follow policies and procedures. GVRA also noted that GCSB was not satisfying other requirements under the Randolph-Sheppard program in carrying out its responsibilities under the contract (i.e., with respect to communicating with the Elected Committee of Blind Vendors). Despite these findings, GVRA renewed the contract with GCSB in September 2020 for another six months. Again, at no time did GVRA require corrective actions of GCSB, or otherwise document correction had occurred, despite the many findings noted over the years.

In monitoring GCSB without addressing corrective actions, GVRA has failed to perform its full oversight responsibilities of the GCSB contract. Specifically, it failed to provide reasonable assurance that GCSB is complying with all applicable Federal requirements, as required by 2 C.F.R. § 200.329(a). In addition to the areas of non-compliance noted by auditors and GVRA itself, summarized above, the facts in Finding 3.2.1 demonstrate that GCSB is incurring costs under the contract with VR funds (both Federal and non-Federal) that are questioned under the VR program. Given the questioned costs under Finding 3.2.1 and the lack of monitoring follow up identified in this Finding (i.e., Finding 3.2.2), GVRA has not provided reasonable assurance that all grant-supported activities are being performed in compliance with Federal requirements, as required by 2 C.F.R. § 200.329(a).

Without an effective monitoring and oversight process in place, GVRA has also not demonstrated that it has satisfied the requirements of 2 C.F.R. § 200.303(a), which require it to have internal controls in place that provide reasonable assurance that GVRA is managing the VR award in compliance with Federal requirements. The questioned costs described in Finding 3.2.1 demonstrate GVRA is not managing the VR program in compliance with Federal requirements. The failure to ensure that GCSB, as its contractor, expends the VR funds only for allowable and allocable costs, as well as its failure to correct issues identified during contract monitoring, establish that GVRA lacks internal controls sufficient to provide reasonable assurance of compliance with federal requirements.

Finally, 34 C.F.R. § 361.12 requires GVRA to employ methods of administration necessary for the proper administration and for carrying out all functions under the State plan. These methods include procedures to ensure accurate data collection and financial accountability. As such, GVRA must monitor and evaluate grant-supported activities to ensure compliance of all activities performed under the VR program, which would include the GCSB contract. Only in monitoring and evaluating GCSB as it should, can GVRA properly carry out its administrative responsibilities under the VR program and ensure it is responsible for the VR program and all grant-supported activities as it should be pursuant to 34 C.F.R. § 361.12 and 2 C.F.R. §§ 200.303 and 200.329. Because it does not, GVRA has not satisfied the assurance in its State Plan required by 34 C.F.R. § 361.12.

In addition to the above requirements that GVRA did not satisfy with respect to its oversight responsibilities of the GCSB contract, GVRA's failure to address GCSB's ongoing contract noncompliance placed the Federal and non-Federal funds supporting the contract at increased risk for waste, fraud, and abuse.

Conclusion: Although GVRA monitors GCSB through its contract assessment process as it should do in accordance with 2 C.F.R. § 200.329, it has no internal controls in place to follow up with GCSB to ensure that the contractor remedies all identified deficiencies. Pursuant to 2 C.F.R. § 200.329(a), GVRA must confirm the deficiencies identified during monitoring are corrected in order to meet its responsibility for the oversight of all grant-supported activities, which includes the GCSB contract that is paid 100 percent with VR program funds (both Federal VR funds and non-Federal funds used for match purposes under the VR program). In performing its oversight responsibilities of GCSB and its other grant supported activities, GVRA must evaluate them to ensure they are operating in compliance with Federal requirements and that performance expectations are being achieved. As noted above, since at least July 2017, GVRA has noted concerns with GCSB not meeting the scope of work expectation, not submitting timely reports, not satisfying Federal requirements with respect to the Elected Committee of Blind Vendors, and not remediating identified deficiencies. By not addressing these identified areas of non-compliance with GCSB, GVRA did not satisfy the Federal requirements under the VR program at 34 C.F.R. § 361.12. In not ensuring proper internal controls are in place and performing proper oversight of the GCSB contract, GVRA put the Federal interest at risk by having VR program funds (both Federal and non-Federal funds used for match purposes) spent on questioned costs.

Corrective Actions 3.2.2: RSA requires that GVRA—

3.2.2.1 By the end of the first quarter after the issuance of the final monitoring report, submit to RSA, for its review and approval, a corrective action plan that describes how GVRA will ensure that GCSB will conduct its activities under the contract, paid entirely with VR program funds (both Federal and non-Federal funds used for match purposes) in compliance with Federal requirements and in such a manner that performance expectations are achieved, consistent with the requirements of 2 C.F.R. § 200.329(a);

3.2.2.2 Within 60 days of obtaining RSA's approval of the corrective action plan, begin initiating procedures to ensure that GCSB remedies all deficiencies identified to date;

3.2.2.3 Within 180 days of obtaining RSA's approval of GVRA's corrective action plan, GVRA must monitor GCSB to ensure that progress has been made to remedy the deficiencies that have been identified;

3.2.2.4 If GCSB fails to make progress within that established time, GVRA must take more stringent corrective actions against GCSB to bring it into compliance, consistent with Federal requirements and State contracting requirements; and

3.2.2.5 Develop and implement a written internal control process, including a contract monitoring component, to ensure ongoing compliance with Federal requirements and

GVRA's contract requirements, consistent with requirements at 34 C.F.R. § 361.12 and 2 C.F.R. §§ 200.303 and 200.329.

VR Agency Response:

3.2.1 - Many of the processes and procedures in place regarding the SLA's operations and the operations of the GCSB, as nominee, were developed over the long contractual history between the SLA and the GCSB. These processes include the internal control processes over set aside collections and RSA-15 reporting as well as general accounting and reporting processes for the SLA. As noted by RSA, the current GCSB contract references: generating monthly settlement reports, processing cash receipts (turn-ins and commissions), vendor helper payroll, accounts payable, monthly draw (advances drawn from vendor monthly settlement disbursements), monthly sales tax, payroll tax deposits, monthly and annual tax reports (including 1099's and W-2s), reconciliation of Asset and Liability accounts, reconciliation of bank statements, preparing annual budgets, preparing and generating data for various reports including Federal RSA-15 report.

Currently GVRA BEP's (SLA's) current Rules & Regulations Policies & Procedures approved by the United States Department of Education, Office of Special Education and Rehabilitative Services Rehabilitation Services Administration provides that the SLA has established, with active participation and approval of the Committee of Blind Vendors, a set-aside rate of 12% of the net proceeds from the operation of each vending facility. The determination of set aside requires the accurate and reliable determination of net proceeds; as such, the SLA has developed and implemented systematic accounting processes applied consistently to all vendors across the three different types of vending structures in operation through the SLA. The SLA has contracted with the GCSB to perform the systematic accounting procedures and the RSVFP activities conducted through the GCSB is subject to annual Financial Statement audits performed in accordance with auditing standards generally accepted in the United States of America and Government Audit Standards.

When considering the regulations and the broad definition of management services found in the regulations at 34 C.F.R. § 361.49(a)(5)(i), § 395.1(j), and § 395.9 it is evident that GVRA has historically understood and interpreted the regulations to allow for accounting services necessary for the accurate determination of net vendor proceeds and related set aside charges which are provided on a systematic basis to be an allowable program expense. It is important to note that the accounting services contracted through the GCSB are not unique to any individual blind vendor's operations but are systematic processes in place across the entire RSVFP in support of the vending facilities operated by BEP blind vendors. The accounting information provided by the GCSB is used by BEP counselors in their routine supervision of the respective blind vendors participating in the RSVFP.

GVRA recognizes as a result of this monitoring report that RSA's current interpretation of the regulations appears to preclude accounting services provided on a systematic basis to support the RSVFP if such accounting is to be used in the day-to-day operations of the vendors as an ongoing expense.

GVRA is in the process of working with the blind vendors to develop transition plans to eliminate the systematic accounting processes currently in place in lieu of vendor specific accounting processes to bring the RSVFP operations into compliance with RSA's interpretation of Federal requirements. However, the SLA cannot cease and desist some of the current accounting practices with the vendors without negatively impacting the current internal controls over set aside and most importantly without negatively impacting the ongoing operations of the vendors. GVRA will require time to develop new vendor policies and oversight procedures and to work with the vendors to implement such processes and procedures. GVRA requests RSA's understanding in this matter as process changes of this magnitude will require planning, training, and coordination between GVRA, the vendors, and the GCSB.

Within the timelines requested by RSA, GVRA will develop and perform a formalized and documented monitoring of the GCSB to include corrective action requirements to bring GCSB into compliance with all findings identified in the monitoring performed by GVRA.

3.2.2 – GVRA would like to clarify the background and underlying circumstances relating to the contract with the nominee entity GCSB.

The GCSB was incorporated in 1944 as a not for profit entity under the laws of the State of Georgia for the purposes:

> to create and maintain an organization of citizens interested in the training and employment of blind or nearly blind persons in the State of Georgia; to provide quarters and equipment for such training and employment of such persons, so that they may become self-supporting and a material asset to the community; to acquire, equip, and stock vending stands in public buildings, both state and federal, and other locations, which are to be operated by blind or nearly blind persons, and to promote the general welfare of the blind, and to act in a liaison capacity between national, state, local and philanthropic organizations in encouraging and carrying on reconstruction programs for such handicapped persons.

The Georgia RSVFP, its licensed blind vendors, and the GCSB have a long history together in this state. GVRA's records indicate the SLA has contracted with the GCSB to perform services for the SLA since approximately 1944. The current agreement with the GCSB referenced in this report is a cost reimbursement contract in which the GCSB is reimbursed for allowable costs incurred in performing the deliverables of the contract. GVRA has determined that several of the items reported by RSA as paid by the SLA as ongoing expenses of the blind vendors were in fact allowable operating expenses incurred by the GCSB in performance of their contractual requirements with the SLA. GVRA will perform a thorough analysis of all GCSB related expenditures to determine if any such costs were not allowable charges to the respective grant awards and provide RSA a summary of the findings. GVRA will revise the respective SF-425's impacted should errors or unallowable charges be identified.

GVRA understands that it is the grantee's responsibility to ensure programs are monitored in accordance with Federal requirements and corrective actions enforced. However, as RSA referenced in this report, GVRA contracted with a public accounting firm to perform a Consulting Procedures Engagement with their report issued and dated November 18, 2015. The

Consulting Procedures Engagement was one of the monitoring techniques employed by GVRA; however, the procedures were completed prior to the periods covered in this monitoring report. The Consulting Procedures Engagement was not an audit but an evaluation (Consulting Procedures Engagement) of certain SLA and GCSB practices as agreed upon between GVRA and the public accounting firm. The report letter from the public accounting firm states:

> We have performed procedures to assist you with assessing certain financial reporting policies, practices, and procedures, certain operational and management practices, and the internal control systems of the Georgia Vocational and Rehabilitation Agency's (GVRA) Business Enterprise Program (BEP) and its nominee agency, Georgia Cooperative Services for the Blind, Inc. (GCSB) which provides management, accounting and other services per a contract. These procedures were agreed to by the Georgia Vocational Rehabilitation Agency (the specified party and hereinafter referred to as GVRA) in compliance with the American Institute of Certified Public Accountants' Consulting Standards and Rule 101 of the Code of Professional Conduct. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other parties.
>
> Our procedures primarily consisted of an analysis of the operations of GVRA, BEP, and GCSB, inquiries, interviews of selected employees, surveys of vendors, walkthroughs, review of pertinent documents of the respective parties, and facility site visits. This report outlines the procedures we performed, findings we noted, and recommendations as may be necessary. All information and recommendations were prepared based upon data and information given to us by management of GVRA, BEP, GCSB, and certain blind vendors or obtained from inquiries made of GVRA, BEP, GCSB personnel and certain blind vendors.
>
> We have not compiled, reviewed, or audited any data or evaluated the reasonableness of any data or information utilized, and therefore we express no opinion or other assurance on the information presented in the attached report. Our services (for purposes of this report) were limited to assisting GVRA, and its BEP, and GCSB in identifying and reviewing certain operational, certain internal control, and management issues that came to our attention.

The accountant's Consulting Procedures contained several recommendations for improvement, however, for the procedure of Obtain and review the FY 2014 contract between GVRA and GCSB, to determine the scope of services to be provided by the GCSB, the finding clearly stated: It appears the GCSB was materially in compliance with the scope of the contract we reviewed.

In addition to the above referenced Consulting Procedures Engagement contracted by GVRA in 2015, the GCSB has an annual financial statement audit and Single Audit performed by an independent auditor. For each of the Fiscal years covering Federal Fiscal Year 2017 through Federal Fiscal Year 2019, the GCSB received unqualified opinions ("clean opinion") on the respective annual financial statement audits. The respective financial statement audits were conducted in accordance with auditing standards generally accepted in the United States of America and Government Audit Standards.

For each of the fiscal years covering Federal Fiscal Year 2017 through Federal Fiscal Year 2019, the auditors also issued an Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards and an Independent Auditor's Report On Compliance For Each Major Program and On Internal Control Over Compliance As Required By the Uniform Guidance. The auditor's procedures were limited to expressing an opinion on GCSB's financial statements and the program specific compliance matters which could have a direct and material effect on the major Federal program. For each of these reports, the auditors indicated they did not identify any material weaknesses in internal control; however, such weaknesses may exist and were not detected in the course of the audit. The auditors did identify certain matters which were determined not to be material weaknesses and, consistent with auditing standards generally accepted in the United States of America, and Government Auditing Standards, communicated such matters to GCSB management via a separate letter. GVRA would like to make clear that the management letter comments provided to GCSB were comments and recommendations intended to improve the internal control structure or result in other operating efficiencies and were not a communication of significant deficiency or material weakness in internal controls.

On March 2018, GVRA's Chief Financial Officer and an internal Certified Public Accountant (CPA) performed a site visit at GCSB in response to the issues identified through the annual contract assessment report for the GCSB and the placement of the contract on a month-to-month basis. Prior to this site visit at GCSB, the CFO and CPA obtained an understanding of the processes and procedures in place at the SLA as well as the specific areas of concern from the SLA. The CPA performed a review of the existing contract with the GCSB, applicable state and federal regulations, and performed procedures to gain an understanding of the GCSB entity, and to verify current licensure of the CPA employed by the GCSB. During the site visit, discussions were held with GCSB staff and management to gain an understanding of the processes and procedures in place at GCSB and walkthroughs were performed on major transaction cycles. The most recent audited financial statements were obtained during the site visit noting unqualified ("clean") audit opinions and that there were no material weaknesses reported in the respective audit opinion letters and no findings or questioned costs reported.

GVRA's site visit and related procedures in 2018 identified that GCSB worked closely with the SLA staff to provide accounting and reporting of Licensed Blind Vendor operations for use by the SLA in performing the SLA's supervision and consultation functions for vendor operations on a statewide systematic basis. GVRA did not issue a formal monitoring report; however, GVRA's procedures identified areas of non-compliance with the terms of the contract with GCSB. Additionally, it was determined the SLA was not adequately enforcing the contract deliverables with sufficient documentation to support the magnitude of the issues reported in the internal contract assessment reports. GVRA's CFO had internal communications with GVRA legal counsel and the SLA instructing that the SLA document the contract performance issues and efforts taken to enforce the contract provisions. As a result, these communications occurred between the SLA and GCSB over a three-month period April 5, 2018 to July 24, 2018.

During 2019, to address operational issues within the SLA, GVRA replaced the Director of the SLA. Upon becoming aware of the contract compliance issues, the current Director of the SLA sent a letter dated September 23, 2019 to the GCSB regarding non-compliance with the requirements of the contract. The current Director of the SLA has worked to improve communication with the GCSB and to enforce contract deliverable requirements through ongoing documented correspondence with the GCSB. A June 2020 internal contract assessment report indicated that the contract performance issues with GCSB had continued.

During this time period and resulting from the above noted procedures performed by GVRA in conjunction with internal discussions of GVRA current leadership and communications with RSA it became evident the existing contract with GCSB needed significant revision to align the scope of work with the current requirements of the SLA and current Federal requirements. In order to secure GVRA's rights and GCSB's obligations under the current contract, GVRA legal counsel recommended extending the terms of the current contract until a new contract could be developed. Such an extension was determined to be a more appropriate contracting vehicle than an indefinite month-to-month contract. GVRA executed the contract extension on September 22, 2020. The new contract is in the final stages of development and will be provided to RSA as requested in Section 3.2 of this monitoring report.

GVRA will develop formalized contract monitoring procedures to ensure documentation of future monitoring procedures is retained and corrective action plans are developed and enforced.

RSA Response:

3.2.1 – RSA appreciates the challenges GVRA faces in carrying out the corrective action steps noted in the finding. However, as stated in the finding and corrective actions, GVRA must immediately cease using Federal VR funds, or non-Federal funds used for match purposes under the VR program, to pay for unallowable costs. This does not preclude the State from using State funds to continue to fund such services provided the funds are not used for matching purposes. In FFY 2019, RSA informed GVRA of its concerns regarding unallowable activities included in the scope of services for GCSB and explained this would be a focus area during RSA's next monitoring of GVRA. RSA advised GVRA to take immediate steps to correct the issues and GVRA did not do so. This finding remains unchanged.

3.2.2 – In its response, GVRA noted the background and underlying circumstances relating to the contract with the nominee entity, GCSB. This explanation is helpful for understanding the history of GVRA's relationship with GCSB, and RSA believes the timeline of events identified will be useful for developing a corrective action plan. RSA remains concerned that GVRA did not take prompt corrective action to address contractor issues and does not have sufficient monitoring internal controls to ensure such actions are taken. Therefore, the finding remains unchanged.

VR Agency Request for Technical Assistance: GVRA did not identify a specific need for technical assistance in its response to this finding.

3.3 Unresolved 2017 Monitoring Report Findings

Issue: Has GVRA resolved all financial management findings issued in the previous monitoring report generated by RSA.

Requirement: GVRA must take steps to resolve Findings and Corrective Actions RSA issues in monitoring reports. In accordance with 2 C.F.R. § 200.303, GVRA must—

> (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Analysis: The findings below remain unresolved from RSA's FFY 2017 monitoring report.

2017 Finding: 5.1 Prior Approval Not Obtained

> 5.1.1 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with prior approval requirements.

In its quarterly update for period ending January 31, 2020, GVRA asked RSA to resolve this prior approval finding. Complete resolution was not possible at the time because the internal controls GVRA submitted described a process by which field offices would determine and implement their own internal controls, but the process proposed by GVRA to resolve this finding lacked the key defining element of internal control whereby management establishes, maintains, monitors, and adjusts processes for effective control over agency operations and processes. The process proposed by GVRA could be a first step in establishing effective internal controls. However the proposed process does not constitute having established internal controls sufficient to resolve the finding.

2017 Finding: 5.2.A Unallowable and Unreasonable Rental Costs

> 5.2.1A Cease paying lease or rental costs, with Federal VR funds or State funds used as match, which are not paid in accordance with requirements in 2 C.F.R. 200;
> 5.2.2A Develop and implement internal control procedures to ensure that lease and rental costs are allowable and reviewed periodically pursuant to 2 C.F.R. § 200.465;
> 5.2.3A Determine the total amount of unallowable costs charged to the Federal award that is associated with Finding 5.2;

In discussions following RSA's issuance of the GVRA 2017 monitoring report, GVRA indicated that its CFO was analyzing lease agreements and would be working with Georgia Building Authority (GBA)/State Properties Commission (SPC) and the Office of Planning and Budget (OPB) to address the situation. GVRA was successful in relocating VR administrative personnel such that a lease agreement not in compliance was ended on December 30, 2019, but it has not yet addressed the non-compliant situation for the other lease arrangements noted in the finding.

Corrective Actions 3.3: RSA requires that GVRA—

3.3 By the end of the first quarter following the date of the final monitoring report, carry out the unresolved corrective action steps identified in the 2017 findings noted above.

VR Agency Response:

5.1 Please see response to 3.1.

5.2.A GVRA presented its review of all state VR locations and found that all lease agreements complied with the findings above. GVRA noted the methodology in its analysis took into account office location, size, type, quality, building age, amenities, public transportation accessibility and whether utilities were included in the agreement. The process to determine our findings included a preliminary collection, review, and analysis of the agency's lease agreements with comparable office spaces; a review of each site, the demand for current and future disability populations and services and office utilization. The comparable rates were based on both historical and projected market data using Loopnet Market Reports and assistance from the Georgia State Properties Commission. We found that the initial rates provided to RSA included janitorial costs ranging from $1.25 to 1.68 per square foot; utility costs ranging from $1.75 to 2.35 per square foot and tenant improvement allowances. Once these factors were removed and compared to market rates, VR's entire lease portfolio was 1.02 percent below market rate. Additionally, GVRA submitted to RSA its draft facilities and leasing policy with its standard operating procedure of how the agency will continue to evaluate current and future agreements. To date, technical assistance and/or feedback has not been provided.

RSA Response:

5.1 – RSA understands GVRA intends to resolve the issues noted in Finding 5.1 through its responses to, and the corrective actions it will plan to resolve, Finding 3.1.

5.2.A – While the information that GVRA's entire VR lease portfolio was 1.02 percent below market rate is helpful and suggests improvement regarding GVRA's overall portfolio of lease and rental costs, RSA assesses rates of costs for facilities pursuant to 2 C.F.R. § 200.465. Thus, GVRA must demonstrate that the rates it pays are within market standards per facility, rather than combined. While the draft facilities and leasing policy GVRA noted it previously provided RSA are a key component for resolution of the underlying finding, GVRA still needs to demonstrate that each facility it leases, or rents, falls within the market rates relevant to each facility. Given GVRA's concern that feedback was not provided on draft facilities and leasing policy with standard operating procedure, RSA will coordinate a meeting with GVRA staff to provide the requested feedback and to clarify which lease/rental agreements are of ongoing concern.

VR Agency Request for Technical Assistance: GVRA requested feedback on its draft facilities and leasing policy with its standard operating procedure of how the agency will continue to evaluate current and future leasing/rental agreements.

Appendix A: State Vocational Rehabilitation Services and State Supported Employment Services Programs Performance Tables

Vocational Rehabilitation Services and State Supported Employment Program Performance Tables

Table 1— GA-C Agency Profile (PYs 2017-2019)

Table 3— GA-C Number and Percentage of Participants Served by Primary Disability Type (PYs 2017-2019)

Table 4— GA-C Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PYs 2017-2019)

Table 5— GA-C Number and Percentage of Individuals Exiting by Reason during the VR Process (PYs 2017-2019)

Table 6— GA-C VR Services Provided to Participants (PYs 2017-2019)

Table 7— GA-C Number of Measurable Skill Gains Earned, Number of Participants Who Earned Measurable Skill Gains, and Types of Measurable Skill Gain (PYs 2017-2019)

Table 8— GA-C Median Hourly Earnings, Median Hours Worked per Week, Sources of Support, and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PYs 2017-2019)

Table 9— GA-C Standard Occupational Classification (SOC) Titles (Major Groups): Percentages of Employment Outcomes and Median Hourly Earnings for Participants Who Exited with Competitive Employment or Supported Employment (PYs 2017-2019)

Table 10— GA-C Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PYs 2017-2019)

Table 11— GA-C Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PYs 2017-2019)

Table 12— GA-C Number and Percentage of Required Pre-Employment Transition Services Provided (PYs 2017-2019)

Table 1— GA-C VR Agency Profile (PYs 2017-2019)

VR Agency Profile Data	PY 17 Number/Percentage	PY 18 Number/Percentage	PY 19 Number/Percentage
Employment Rate	39.2%	28.2%	30.0%
Number of Participants Exiting in Competitive Integrated Employment or Supported Employment	2,316	1,793	2,240
Measurable Skill Gains Performance Indicator	38.6%	24.0%	34.1%
Percentage of Participants Eligible for Measurable Skill Gains	12.3%	14.0%	21.1%
Percentage of Timely Eligibility Determinations	69.3%	99.8%	78.6%
Percentage of Eligibility Determination Extensions	11%	40.9%	10.9%
Percentage of Timely IPE Development	64.4%	57.5%	66.9%
Number of Applicants	11,347	10,119	7,166
Number of Individuals Determined Eligible	9,369	9,418	6,556
Number of Individuals with an IPE and No VR Services Provided	38	24	10
Number of Participants (with an IPE and VR Services Provided)	7,125	7,338	5,641

Table 3— GA-C Number and Percentage of Participants Served by Primary Disability Type (PYs 2017-2019)

Primary Disability Type by Group	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Visual	1,082	5.1%	1,206	5.3%	1,219	5.6%
Auditory or Communicative	1,476	7.0%	1,662	7.4%	1,717	7.8%
Physical	3,666	17.4%	3,967	17.6%	3,772	17.2%
Cognitive	9,143	43.3%	9,438	41.8%	8,757	40.0%
Psychological or Psychosocial	5,728	27.1%	6,310	27.9%	6,422	29.3%

Detailed Primary Disability Type	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Blindness	591	2.8%	682	3.0%	680	3.1%
Other Visual Impairments	491	2.3%	524	2.3%	539	2.5%
Deafness, Primary Communication Visual	504	2.4%	528	2.3%	491	2.2%
Deafness, Primary Communication Auditory	114	0.5%	137	0.6%	152	0.7%
Hearing Loss, Primary Communication Visual	110	0.5%	115	0.5%	96	0.4%

Detailed Primary Disability Type	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Hearing Loss, Primary Communication Auditory	435	2.1%	461	2.0%	489	2.2%
Other Hearing Impairments (Tinnitus, Meniere's Disease, hyperacusis, etc.)	19	0.1%	27	0.1%	29	0.1%
Deaf-Blindness	35	0.2%	35	0.2%	34	0.2%
Communicative Impairments (expressive/receptive)	259	1.2%	359	1.6%	426	1.9%
Mobility Orthopedic/Neurological Impairments	1,019	4.8%	1,090	4.8%	1,036	4.7%
Manipulation/Dexterity Orthopedic/Neurological Impairments	257	1.2%	312	1.4%	327	1.5%
Both Mobility and Manipulation/Dexterity Orthopedic/Neurological Impairments	412	2.0%	425	1.9%	381	1.7%
Other Orthopedic Impairments (e.g., limited range of motion)	344	1.6%	357	1.6%	337	1.5%
Respiratory Impairments	107	0.5%	105	0.5%	85	0.4%
General Physical Debilitation (e.g., fatigue, weakness, pain, etc.)	611	2.9%	655	2.9%	632	2.9%
Other Physical Impairments (not listed above)	916	4.3%	1,023	4.5%	974	4.5%
Cognitive Impairments (e.g., impairments involving learning, thinking, processing information and concentration)	9,143	43.3%	9,438	41.8%	8,757	40.0%
Psychosocial Impairments (e.g., interpersonal and behavioral impairments, difficulty coping)	4,845	23.0%	5,191	23.0%	5,042	23.0%
Other Mental Impairments	883	4.2%	1,119	5.0%	1,380	6.3%

Table 4— GA-C Number and Percentage of Individuals Exiting at Various Stages of the VR Process (PYs 2017-2019)

	PY 17	PY 18	PY 19
Number of Individuals Who Exited the VR Program	9,698	13,308	12,020

Exit Type	PY 17 Number of Individuals	PY 17 Percent	PY 18 Number of Individuals	PY 18 Percent	PY 19 Number of Individuals	PY 19 Percent
Individual exited as an applicant, prior to eligibility determination or trial work experience	1,360	14.0%	2,420	18.2%	1,032	8.6
Individual exited during or after a trial work experience	8	0.1%	1	0.0%	5	0
Individual exited after eligibility, but from an order of selection waiting list	-	0.0%	-	0.0%	-	-
Individual exited after eligibility, but prior to a signed IPE	2,255	23.3%	3,398	25.5%	1,819	15.1
Individual exited after an IPE without an employment outcome	3,594	37.1%	4,555	34.2%	5,212	43.4
Individual exited after an IPE in noncompetitive and/or nonintegrated employment	-	0.0%	-	0.0%	-	-
Individual exited after an IPE in competitive and integrated employment or supported employment	2,316	23.9%	1,793	13.5%	2,235	18.6
Individual exited as an applicant after being determined ineligible for VR services	83	0.9%	56	0.4%	16	0.1
Potentially eligible individual exited after receiving pre-employment transition services and has not applied for VR services	82	0.8%	1,085	8.2%	1,701	14.2

Supported Employment	PY 17 Number of Participants	PY 18 Number of Participants	PY 2019 Number of Participants
Number of Participants Who Exited with a Supported Employment Outcome in Competitive Integrated Employment	328	364	618
Number of Participants Who Exited with a Supported Employment Outcome in Noncompetitive and/or Nonintegrated Employment	-	-	0

Table 5— GA-C Number and Percentage of Individuals Exiting by Reason during the VR Process (PYs 2017-2019)

Reason for Exit	PY 17 Number of Individuals	PY 17 Percent	PY 18 Number of Individuals	PY 18 Percent	PY 19 Number of Individuals	PY 19 Percent
Individual is No Longer Available for Services Due to Residence in an Institutional Setting Other Than a Prison or Jail	9	0.1%	10	0.1%	9	0.1%
Health/Medical	-	0.0%	-	0.0%	-	0.0%
Death of Individual	32	0.3%	25	0.2%	24	0.2%
Reserve Forces Called to Active Duty	-	0.0%	-	0.0%	-	0.0%
Foster Care	-	0.0%	-	0.0%	-	0.0%
Ineligible after determine eligible	-	0.0%	-	0.0%	-	0.0%
Criminal Offender	78	0.8%	-	0.0%	-	0.0%
No Disabling Condition	24	0.2%	34	0.3%	9	0.1%
No Impediment to Employment	51	0.5%	24	0.2%	27	0.2%
Does Not Require VR Service	20	0.2%	186	1.4%	163	1.4%
Disability Too Significant to Benefit from Service	27	0.3%	20	0.2%	11	0.1%
No Long-Term Source of Extended Services Available	-	0.0%	-	0.0%	-	0.0%
Transferred to Another Agency	37	0.4%	52	0.4%	38	0.3%
Achieved Competitive Integrated Employment Outcome	2,316	23.9%	1,793	13.5%	2,235	18.6%
Extended Employment	450	4.6%	15	0.1%	-	0.0%
Extended Services Not Available	-	0.0%	-	0.0%	-	0.0%
Unable to Locate or Contact	2,923	30.1%	4,542	34.1%	3,482	29.0%
No Longer Interested in Receiving Services or Further Services	1,875	19.3%	3,661	27.5%	3,334	27.7%
All Other Reasons	2,559	26.4%	2,946	22.2%	2,713	22.6%
Number of Individuals Who Exited the VR Program		9,698		13,308	9	0.1%

Table 6— GA-C VR Services Provided to Participants (PYs 2017-2019)

	PY 17	PY 18	PY 19
Total Number of Participants Who Received VR Services	21,101	22,583	21,887

Training Services Provided to Participants	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Graduate Degree Training	112	0.5%	80	0.4%	70	0.3%
Bachelor's degree Training	1,018	4.8%	624	2.8%	465	2.1%
Junior or Community College Training	159	0.8%	33	0.1%	22	0.1%
Occupational or Vocational Training	1,590	7.5%	817	3.6%	477	2.2%
On-the-Job Training	83	0.4%	1	0.0%	3	0.0%
Apprenticeship Training	-	0.0%	-	0.0%	-	0.0%
Basic Academic Remedial or Literacy Training	112	0.5%	5	0.0%	5	0.0%
Job Readiness Training	5,773	27.4%	2,955	13.0%	1,486	6.8%
Disability Related Skills Training	201	1.0%	89	0.4%	52	0.2%
Miscellaneous Training	2,393	11.3%	1,647	7.3%	1,557	7.1%
Randolph-Sheppard Entrepreneurial Training	-	0.0%	-	0.0%	-	0.0%
Customized Training	5	0.0%	-	0.0%	-	0.0%

Career Services Provided to Participants	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Assessment	3,065	14.5%	1,421	6.3%	883	4.0%
Diagnosis and Treatment of Impairment	4,808	22.8%	4,173	18.5%	3,124	14.3%
Vocational Rehabilitation Counseling and Guidance	8,052	38.2%	-	0.0%	-	0.0%
Job Search Assistance	1,390	6.6%	-	0.0%	-	0.0%
Job Placement Assistance	4,127	19.6%	2,071	9.2%	1,866	8.5%
Short-Term Job Supports	22	0.1%	5	0.0%	2	0.0%
Supported Employment Services	1,017	4.8%	594	2.6%	700	3.2%
Information and Referral Services	292	1.4%	-	0.0%	-	0.0%
Benefits Counseling	121	0.6%	-	0.0%	-	0.0%
Customized Employment Services	15	0.1%	-	0.0%	-	0.0%
Extended Services (for youth with the most significant disabilities)	7	0.0%	-	0.0%	-	0.0%

Other Services Provided to Participants	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	Y 18 Number of Participants	PY 18 Percent
Transportation	4,429	21.0%	3,048	13.5%	1,603	7.3%
Maintenance	2,216	10.5%	1,240	5.5%	876	4.0%
Rehabilitation Technology	1,819	8.6%	1,173	5.2%	837	3.8%
Personal Attendant Services	18	0.1%	15	0.1%	10	0.0%
Technical Assistance Services	11	0.1%	-	0.0%	-	0.0%
Reader Services	2	0.0%	1	0.0%	1	0.0%
Interpreter Services	278	1.3%	221	1.0%	161	0.7%
Other Services	1,105	5.2%	188	0.8%	100	0.5%

Table 7— GA-C Number of Measurable Skill Gains Earned, Number of Participants Who Earned Measurable Skill Gains, and Types of Measurable Skill Gains (PYs 2017-2019)

Number of Measurable Skill Gains Earned and Number of Participants Earning Measurable Skill Gains	PY 17	PY 18	PY 19
Measurable Skill Gains Earned (Decline)	1,102	762	1,581
Participants Who Earned a Measurable Skill Gains (Decline)	999	760	1,576

Number of Measurable Skill Gains Types	PY 17	PY 18	PY 19
Educational Functioning Level	59	3	6
Secondary Diploma	666	545	1,089
Postsecondary Transcript/Report Card	300	159	396
Training Milestone	30	8	6
Skills Progression	47	47	84

Table 8— GA-C Median Hourly Earnings, Median Hours Worked per Week, Sources of Support and Medical Insurance Coverage for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PYs 2017-2019)

Median Hourly Earnings and Hours Worked per Week at Exit	PY 17	PY 18	PY 19
Number of Participants Who Exited in Competitive and Integrated Employment or Supported Employment	2,316	1,793	2,235
Median Hourly Earnings at Exit	$9.00	$9.24	$9.5
Median Hours Worked per Week at Exit	35	30	30

Primary Source of Support at Exit	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Personal Income	1,863	80.4%	1,382	77.1%	1,677	74.9%
Family and Friends	217	9.4%	134	7.5%	189	8.4%
Public Support	219	9.5%	240	13.4%	324	14.5%
Other Sources	17	0.7%	37	2.1%	50	2.2%

Public Support at Exit	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Social Security Disability Insurance (SSDI) at Exit	202	8.7%	178	9.9%	277	12.4%
Supplemental Security Income (SSI) for the Aged, Blind, or Disabled at Exit	342	14.8%	321	17.9%	417	18.6%
Temporary Assistance for Needy Families (TANF) at Exit	8	0.3%	2	0.1%	5	0.2%
General Assistance (State or local government) at Exit	7	0.3%	-	0.0%	-	0.0%
Veterans' Disability Benefits at Exit	12	0.5%	9	0.5%	14	0.6%
Workers' Compensation at Exit	2	0.1%	-	0.0%	-	0.0%
Other Public Support at Exit	34	1.5%	17	0.9%	25	1.1%

Medical Insurance Coverage at Exit	PY 17 Number of Participants	PY 17 Percent	PY 18 Number of Participants	PY 18 Percent	PY 19 Number of Participants	PY 19 Percent
Medicaid at Exit	455	19.6%	370	20.6%	464	20.7%
Medicare at Exit	249	10.8%	176	9.8%	215	9.6%
State or Federal Affordable Care Act Exchange at Exit	42	1.8%	43	2.4%	17	0.8%
Public Insurance from Other Sources at Exit	40	1.7%	33	1.8%	33	1.5%
Private Insurance Through Employer at Exit	378	16.3%	325	18.1%	407	18.2%
Not Yet Eligible for Private Insurance Through Employer at Exit	72	3.1%	59	3.3%	96	4.3%
Private Insurance Through Other Means at Exit	396	17.1%	293	16.3%	280	12.5%

Table 9— GA-C Standard Occupational Classification (SOC) Titles (Major Groups): Percentages of Employment Outcomes and Median Hourly Earnings for Participants Who Exited with Competitive Integrated Employment or Supported Employment (PYs 2017-2019)

PY 17 SOC Title	PY 17 Number of Participants	PY 17 Median Hourly Earnings
Office and Administrative Support Occupations	521	$8.75
Food Preparation and Serving Related Occupations	395	$7.65
Transportation and Material Moving Occupations	251	$9.25
Building and Grounds Cleaning and Maintenance Occupations	235	$9.00
Production Occupations	213	$9.00
Sales and Related Occupations	172	$8.75
Personal Care and Service Occupations	84	$8.00
Constructive and Extraction Occupations	68	$7.25
Installation, Maintenance, and Repair Occupations	57	$9.50
Education, Training, and Library Occupations	52	$15.00
Healthcare Support Occupations	51	$10.00
Healthcare Practitioners and Technical Occupations	46	$17.00
Community and Social Services Occupations	35	$13.00
Management Occupations	26	$16.50
Protective Service Occupations	25	$10.00
Computer and Mathematical Occupations	25	$15.33
Business and Financial Operations Occupations	19	$14.00
Architecture and Engineering Occupations	11	$13.00
Farming, Fishing, and Forestry Occupations	11	$9.00
Arts, Design, Entertainment, Sports, and Media Occupations	10	$10.00

PY 18 SOC Title	PY 18 Number of Participants	PY 18 Median Hourly Earnings
Office and Administrative Support Occupations	461	$9.00
Food Preparation and Serving Related Occupations	270	$8.00
Building and Grounds Cleaning and Maintenance Occupations	211	$9.00
Transportation and Material Moving Occupations	172	$10.00
Sales and Related Occupations	143	$9.00
Production Occupations	105	$10.00
Personal Care and Service Occupations	55	$8.00
Healthcare Support Occupations	54	$9.87
Education, Training, and Library Occupations	49	$10.00
Installation, Maintenance, and Repair Occupations	40	$11.00
Healthcare Practitioners and Technical Occupations	35	$21.00
Community and Social Services Occupations	34	$12.99
Computer and Mathematical Occupations	29	$15.00
Management Occupations	28	$15.91
Constructive and Extraction Occupations	28	$12.00
Arts, Design, Entertainment, Sports, and Media Occupations	23	$10.50
Business and Financial Operations Occupations	18	$12.00
First-Line Supervisors of Correctional Officers	16	$10.00
Life, Physical, and Social Science Occupations	7	$12.50
Architecture and Engineering Occupations	7	$14.00
Farming, Fishing, and Forestry Occupations	5	$8.00

PY 19 SOC Title	PY 19 Number of Participants	PY 19 Median Hourly Earnings
Office and Administrative Support Occupations	607	$9.60
Food Preparation and Serving Related Occupations	341	$8.50
Building and Grounds Cleaning and Maintenance	258	$9.00
Transportation and Material Moving Occupations	176	$9.63
Sales and Related Occupations	148	$9.00
Production Occupations	136	$11.00
Personal Care and Service Occupations	101	$8.75
Healthcare Support Occupations	72	$10.50
Education, Training, and Library Occupations	53	$14.64
Community and Social Services Occupations	47	$12.02
Installation, Maintenance, and Repair Occupations	46	$11.50
Healthcare Practitioners and Technical Occupations	38	$19.60
Management Occupations	36	$18.37
Computer and Mathematical Occupations	35	$15.00
Constructive and Extraction Occupations	28	$10.73
Protective Service Occupations	28	$10.00
Business and Financial Operations Occupations	24	$14.11
Arts, Design, Entertainment, Sports, and Media	23	$14.42
Architecture and Engineering Occupations	15	$18.30
Farming, Fishing, and Forestry Occupations	10	$9.50
Life, Physical, and Social Science Occupations	7	$10.00

PY 19 SOC Title	PY 19 Number of Participants	PY 19 Median Hourly Earnings
Military Specific Occupations	3	$10.00
Legal Occupations	2	$509.61
Randolph-Sheppard vending facility operator*	1	$10.80

Table 10— GA-C Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PYs 2017-2019)

No.	PY 17 SOC Title	PY 17 Number of Participants	PY 17 Median Hourly Earnings
1	Stock Clerks and Order Fillers	266	$8.15
2	Customer Service Representatives	136	$9.00
3	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	135	$8.50
4	Laborers and Freight, Stock, and Material Movers, Hand	115	$9.50
5	Combined Food Preparation and Serving Workers, Including Fast Food	77	$7.50
6	Retail Salespersons	74	$8.95
7	Cashiers	60	$8.00
8	Dishwashers	60	$7.50
9	Maids and Housekeeping Cleaners	43	$8.25
10	Food Preparation Workers	40	$7.50

No.	PY 18 SOC Title	PY 18 Number of Participants	PY 18 Median Hourly Earnings
1	Stock Clerks and Order Fillers	233	$9.00
2	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	146	$8.50
3	Customer Service Representatives	106	$9.00
4	Laborers and Freight, Stock, and Material Movers, Hand	81	$9.00
5	Retail Salespersons	78	$9.00
6	Combined Food Preparation and Serving Workers, Including Fast Food	63	$8.00
7	Dishwashers	43	$8.00
8	Cashiers	41	$8.00
9	Office and Administrative Support Workers, All Other	28	$10.00
10	Food Preparation and Serving Related Workers, All Other	28	$8.00

No.	PY 19 SOC Title	PY 19 Number of Participants	PY 19 Median Hourly Earnings
1	Stock Clerks and Order Fillers	304	$9.00
2	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	189	$9.00
3	Customer Service Representatives	165	$10.00
4	Combined Food Preparation and Serving Workers, Including Fast Food	89	$8.30
5	Laborers and Freight, Stock, and Material Movers, Hand	82	$10.00
6	Retail Salespersons	67	$8.50
7	Cashiers	51	$9.00
8	Dishwashers	48	$8.50
9	Childcare Workers	44	$8.00
10	Food Preparation Workers	43	$8.50

Table 11— GA-C Number of Students with Disabilities Reported, and the Number and Percentage of Students with Disabilities Who Received Pre-Employment Transition Services (PYs 2017-2019)

Students with Disabilities	PY 17 Number/Percentage of Students	PY 18 Number/Percentage of Students	PY 19 Number/Percentage of Students
Total Students with Disabilities Reported	12,560	8,764	9,592
Students with Disabilities Reported with 504 Accommodation	769	163	247
Students with Disabilities Reported with IEP	10,698	7,886	8,324
Students with Disabilities Reported without 504 Accommodation or IEP	1,279	1,040	1,433
Total Students with Disabilities Who Received a Pre-Employment Transition Service	4,591	5,771	4,040
Potentially Eligible Students with Disabilities Who Received a Pre-Employment Transition Service	1,765	4,105	2,658
Students with Disabilities, Who Applied for VR Services, and Received a Pre-Employment Transition Service	2,826	1,666	1,382
Percentage of Students with Disabilities Reported Who Received a Pre-Employment Transition Service	36.6%	65.8%	42.1%

Pre-Employment Transition Services	PY 17 Number of Pre-Employment Transition Services Provided	PY 17 Percent of Total Pre-Employment Transition Services Provided	PY 18 Number of Pre-Employment Transition Services Provided	PY 18 Percent of Total Pre-Employment Transition Services Provided	PY 19 Number of Pre-Employment Transition Services Provided	PY 19 Percent of Total Pre-Employment Transition Services Provided
Total Pre-Employment Transition Services Provided	17,937		20,375		12,171	
Job Exploration Counseling	4,491	25.0%	1,707	8.4%	1,365	11.2%
Work-Based Learning Experiences	1,413	7.9%	2,768	13.6%	1,398	11.5%
Counseling on Enrollment Opportunities	4,572	25.5%	1,617	7.9%	908	7.5%
Workplace Readiness Training	4,824	26.9%	11,292	55.4%	5,335	43.8%
Instruction in Self-Advocacy	2,637	14.7%	2,991	14.7%	3,165	26.0%

APPENDIX B: FISCAL DATA TABLES

Fiscal Table 1 Georgia-Combined (GA-C) VR Resources and Expenditures—FFYs 2017–2019*

VR Resources and Expenditures	2017	2018	2019*
Total program expenditures	$108,878,471	$113,256,999	$93,676,896
Federal expenditures	85,794,361	$87,790,836	$71,966,356
State agency expenditures (4th quarter)	$24,551,984	$26,950,094	$21,710,540
State agency expenditures (latest/final)	$23,084,110	$25,466,163	$21,710,540
Federal formula award amount	$109,835,671	$114,105,659	$117,371,769
Reserve amount required for pre-employment transition services (15 percent)	$12,793,799	$15,000,000	$15,000,000
Amount expended on pre-employment transition services	$4,303,201	$5,109,962	$14,613,717
Percentage expended on pre-employment transition services	33.6%	34.1%	97.4%
MOE penalty from prior year	$0	$0	$0
Federal award amount relinquished during reallotment	$9,835,671	$14,105,659	$17,371,769
Federal award amount received during reallotment	$0	$0	$0
Federal funds transferred from State VR agency	$0	$0	$0
Federal funds transferred to State VR agency	$0	$0	$0
Federal award amount (net)	$100,000,000	$100,000,000	$100,000,000
Federal award funds deobligated	$14,205,639	$13,736,564	$0
Federal award funds used	$85,794,361	$86,263,436	$100,000,000
Percent of formula award amount used	78.1%	75.6%	85.2%
Federal award funds matched but not used	$-502,368	$7,829,852	$0

* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.

Fiscal Table 1 Georgia-Combined - VR Resources and Expenditures—Descriptions, Sources and Formulas

VR Resources and Expenditures	Source/Formula
Total program expenditures	The sum of the Federal and non-Federal expenditures. **Source/Formula**: Table V.1: Federal expenditures plus State expenditures (latest/final)
Federal expenditures	The cumulative amount of disbursements from Federal funds. **Source/Formula**: SF-425 line 10e from latest/final report
State expenditures (4th quarter)	The cumulative amount of disbursements and unliquidated obligations from State funds through September 30th of the award period. **Source/Formula:** SF-425 line 10j from 4th quarter report
State expenditures (latest/final)	The cumulative amount of disbursements and unliquidated obligations from State funds as reported on the agency's latest or final SF-425 report. Final reports do not include unliquidated obligations. **Source/Formula:** SF-425 line 10j from latest/final report
Federal formula award amount	The amount of the Federal funds available to the agency based on the formula mandated in the Rehabilitation Act. **Formula/Source:** Federal formula award calculation
Reserve amount required for pre-employment transition services	The amount of Federal funds required to be reserved and expended (15percent) for the provision of pre-employment transition services. **Formula/Source:** (((((SF-425 line 10j lesser of the 4th quarter or latest/final) divided by .213) multiplied by .787) multiplied by .15) or (4th quarter grant award amount multiplied by .15)) whichever is less
Amount expended on pre-employment transition services	The amount of Federal funds the agency spent on the provision of pre-employment transition services. **Formula/Source:** SF-425 line 12b from latest/final report
Percentage expended on pre-employment transition services	The percent of Federal funds the agency spent on the provision of pre-employment transition services. **Formula/Source:** Amount expended on pre-employment transition services divided by ((((SF-425 line 10j lesser of the 4th quarter or latest/final) divided by .213) multiplied by .787) or (4th quarter grant award amount) whichever is less)
MOE penalty from prior year	The amount of the Maintenance of Effort (MOE) deficit from the previous FFY which resulted in a MOE penalty against the current FFY. **Source/Formula:** Table V.2: MOE difference from prior year
Federal award amount relinquished during reallotment	Amount of Federal award voluntarily relinquished through the reallotment process. **Formula/Source:** RSA-692
Federal award received during reallotment	Amount of funds received through the reallotment process. **Source/Formula:** RSA-692

VR Resources and Expenditures	Source/Formula
Federal funds transferred from State VR agency	Amount of award funds transferred from State VR agencies (Blind to General or General to Blind). **Formula/Source**: Agency transfer request documentation
Federal funds transferred to State VR agency	Amount of award funds transferred to State VR agencies (Blind to General or General to Blind). **Formula/Source:** Agency transfer request documentation
Federal award amount (net)	Federal award amount available after accounting for adjustments to award (e.g., MOE penalties, relinquishment, reallotment and transfers). **Formula/Source:** Federal formula award calculation, RSA-692, agency documentation, SF-425: Federal formula calculation minus MOE penalty minus funds relinquished in reallotment plus funds received in reallotment plus funds transferred from agency minus funds transferred to agency
Federal award funds deobligated	Federal award funds deobligated at the request of the agency or as part of the award closeout process. These funds may include matched or unmatched Federal funds. **Source/Formula:** Agency deobligation request documentation, G5 closeout reports
Federal award funds used	Amount of Federal award funds expended. **Source/Formula:** Federal formula calculation, RSA-692, agency documentation, SF-425 lesser of the 4^{th} quarter or latest/final: Federal award amount (net) (calculation above) minus Federal award funds deobligated
Percent Federal formula award used	Percent of Federal formula award funds used. **Source/Formula:** Federal award funds used (calculation above) divided by Federal formula award amount
Federal award funds matched but not used	This represents unused Federal award funds for which the agency provided match. **Source/Formula:** Table V.2 Federal award funds matched (actual) minus Table V.1 Federal award funds used

Fiscal Table 2 Georgia-Combined (GA-C) Non-Federal Share and Maintenance of Effort—FFYs 2017–2019*

Non-Federal Share (Match) and Maintenance of Effort (MOE)	2017	2018	2019*
Match required per net award amount	$27,064,803	$27,064,803	$27,064,803
Match provided (actual)	23,084,110	$25,466,163	$21,710,540
Match difference**	$3,980,693	$1,598,640	$5,354,263
Federal funds matched (actual)	$85,291,993	$94,093,288	$80,216,878
Percent Federal funds matched	85.3%	94.1%	80.2%
MOE required	$19,489,973	$23,836,282	$23,084,110
MOE: Establishment/construction expenditures	$0	$0	$0
MOE actual	$23,084,110	$25,466,163	$21,710,540
MOE difference**	$-3,594,137	$-1,629,881	$1,373,570

* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.
** A positive amount indicates a deficit. A negative amount indicates a surplus.

Fiscal Table 2 Georgia-Combined - Non-Federal Share and Maintenance of Effort—Descriptions, Sources and Formulas

Non-Federal Share (Match) and Maintenance of Effort (MOE)	Source/Formula
Match required per net award amount	Non-Federal funds required based upon the net amount of the Federal award. **Source/Formula**: (Table V.1 Federal award amount net divided by 0.787) multiplied by 0.213
Match provided (actual)	Amount of match (non-Federal share) provided, by the agency. **Source/Formula**: SF-425 line 10j lesser of the 4th quarter or latest/final
Match difference**	The difference between match required to access the net Federal award funds and the actual amount of match provided by agency. **Source/Formula**: SF-425 lesser of the 4th quarter or latest/final: ((Federal formula award amount divided by 0.787) multiplied by 0.213) minus SF-425 line 10j
Federal funds matched (actual)	Total amount of Federal funds the agency was able to match based upon the non-Federal share reported. The maximum amount of Federal funds the agency can access is limited to the Federal grant award amount. **Source/Formula:** (Match provided actual divided by .213) multiplied by .787

Non-Federal Share (Match) and Maintenance of Effort (MOE)	Source/Formula
Percent of Federal funds matched	Percent of Federal funds matched. **Source/Formula:** Federal funds matched divided by Federal award amount net
Maintenance of Effort (MOE) required	Maintenance of effort (MOE) is the level of non-Federal expenditures, minus establishment/construction expenditures for CRPs, established by the State's non-Federal expenditures two years prior, i.e. Recipient Share of Expenditures. **Source/Formula**: SF-425 4th quarter or latest/final report: line 10j minus line 12a
MOE: Establishment / construction expenditures	Non-Federal share of expenditures for construction of facilities for community rehabilitation program (CRP) purposes and the establishment of facilities for community rehabilitation purposes. **Source/Formula:** SF-425 latest/final report: line 12a
MOE actual	Non-Federal share provided by agency minus establishment/construction expenditures for CRPs. **Source/Formula:** SF-425: Match provided actual minus establishment/construction expenditures.
MOE difference**	The difference between MOE required and the actual MOE provided. **Source/Formula:** MOE required minus MOE actual

** A positive amount indicates a deficit. A negative amount indicates a surplus.

Fiscal Table 3 Georgia-Combined (GA-C) Program Income and 4th Quarter Data—FFYs 2017–2019*

Program Income and Carryover	2017	2018	2019*
Program income received	$3,745,995	$4,423,701	$4,423,701
Program income disbursed	$3,745,995	$4,423,701	$4,423,701
Program income transferred	$ 39,296	$ 51,563	$ 49,774
Program income used for VR program	$3,706,699	$4,372,138	$4,373,927
Federal grant amount matched (4th quarter)	$85,291,993	$94,093,288	$80,216,878
Federal expenditures (4th quarter)	$66,841,329	$74,365,532	$71,966,356
Federal unliquidated obligations (4th quarter)	$12,370,363	$10,559,776	$4,823,801

* Indicates the award is currently in an open status. Therefore, data is either not currently available or not final.

Fiscal Table 3 Georgia-Combined - Program Income and 4th Quarter Data—Descriptions, Sources and Formulas

Program Income and Carryover	Source/Formula
Program income received	Total amount of Federal program income received by the grantee. **Source/Formula:** SF-425 latest/final line 10l
Program income disbursed	Amount of Federal program income disbursed, including transfers. **Source/Formula:** SF-425 latest/final: line 10m plus line 10n
Program income transferred	Amount of Federal program income transferred to other allowable programs. **Source/Formula:** SF-425 latest/final: line 12e plus line 12f plus line 12g plus line 12h
Program income used for VR program	Amount of Federal program income utilized for the VR program. **Source/Formula:** SF-425 latest/final: Program income expended minus program income transferred
Federal grant amount matched (4th quarter)	Federal funds an agency is able to draw down based upon on reported non-Federal reported on the 4th quarter SF-425 for the FFY of appropriation, not to exceed net award amount. **Source/Formula:** Table V.2 Federal funds matched actual
Federal expenditures (4th quarter)	Federal funds expended as reported on the 4th quarter SF-425 for the FFY of appropriation. This does not include unliquidated obligations. **Source/Formula:** SF-425 4th quarter: line 10e
Federal unliquidated obligations (4th quarter)	Federal funds obligated but not liquidated as reported on the 4th quarter SF-425 for the FFY of appropriation. **Source/Formula:** SF-425 4th quarter: line 10f