

**FEDERAL FISCAL YEAR 2020  
REPORT ON THE REVIEW OF  
NEBRASKA COMMISSION FOR THE  
BLIND AND VISUALLY IMPAIRED  
VOCATIONAL REHABILITATION  
AND  
SUPPORTED EMPLOYMENT PROGRAMS**



**U.S. Department of Education  
Office of Special Education and  
Rehabilitative Services  
Rehabilitation Services Administration**

**April 20, 2021**

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# SECTION 1: THE SCOPE OF THE REVIEW

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## **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 focused off-site reviews of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the Nebraska Commission for the Blind and Visually Impaired (NCBVI). 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 the program and fiscal performance related to the following focus areas:
  - Performance of the State Vocational Rehabilitation Services and State Supported Employment Services Programs; and
  - Financial Management of the State Vocational Rehabilitation Services and State Supported Employment Services Programs.

The nature, scope, and focus of this review and the process, by which RSA carried out its review activities from August 26, 2020 through September 30, 2020 was defined by information, documents, and data submitted by NCBVI, as well as technical assistance requests from the VR agency.

## **B. Review Team Participants**

Members of the RSA review team included Jason Hunter (Technical Assistance Unit); Jim Doyle, Jessica Davis, and Shannon Moler (Vocational Rehabilitation Program Unit); Craig McManus (Fiscal Unit); and Yann-Yann Shieh (Data Collection and Analysis 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 NCBVI for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of others, such as the Workforce Innovation Technical Assistance Center (WINTAC), and other stakeholders in the review process.

## **SECTION 2: FOCUS AREA – PERFORMANCE OF THE STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS**

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### **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

During program year (PY) 2019, NCBVI reported 109 applicants for VR services compared to 169 applicants in PY 2017, a decrease of 60 applicants. In addition, NCBVI reported 102 individuals with disabilities determined eligible for VR services in PY 2019, a decrease from 145 individuals in PY 2017. In PY 2019, 107 individuals received VR services after developing an approved individualized plan for employment (IPE), down from 138 individuals in PY 2017.

In PY 2019, 39 participants exited the VR program in competitive integrated employment or supported employment compared to 44 individuals in PY 2017. During the same period, 58 individuals exited after receiving services on an IPE without achieving an employment outcome compared to 119 individuals who exited in PY 2017. As a result, NCBVI's employment rate increased from 27.9 percent in PY 2017 to 40.2 percent in PY 2019.

RSA discussed the decrease in the number of individuals applying for services and those determined eligible to receive VR services during the past three program years. NCBVI attributed the decrease in applicants, in part, to the closure of its priority categories during PY 2018 and the effect this may have played on new referrals. In addition, NCBVI identified the pandemic as a contributing factor to the more recent decrease, recognizing that this would have affected only the last quarter of PY 2019. RSA encouraged NCBVI to work with secondary schools and institutions of higher education, centers for independent living, and advocates and stakeholders in the blind and visually impaired community to provide additional outreach to those who may be eligible for services and to ensure all referral sources are aware the agency is able to fully serve eligible individuals. RSA commended NCBVI on the high percentages of individuals determined eligible within 60 days (consistently at 94 percent or higher) and those who have had an IPE developed within 90 days (consistently around 95 percent). As a result,

NCBVI reported few individuals dropping out of the system between the submission of an application and the development of an IPE.

## **VR Services**

**Resources:** Appendix A—Tables 1, 6, and 7

In PY 2019, NCBVI reported providing VR services to 456 participants. Of those who received VR services, NCBVI reported 9 participants (2.0 percent) received graduate degree training, 26 participants (5.7 percent) received bachelor's degree training, and 20 participants (4.4 percent) received junior or community college training, representing approximately 12.1 percent of participants overall. Five participants (1.1 percent) received occupational or vocational training in PY 2019, down from 12 participants in PY 2017. In PY 2019, NCBVI reported 64 participants (14.0 percent) received disability-related skills training, and 37 participants (8.1 percent) received on-the-job training, representing only one-half of those participants reported as receiving those services in PY 2017. In all three program years, no participants were reported as receiving apprenticeship training or customized training.

Of the 456 participants who received VR services during PY 2019, NCBVI reported 132 participants as earning measurable skill gains and a total of 163 measurable skill gains (MSGs) earned. In PY 2019, 43 postsecondary transcripts/report cards, and 79 secondary diplomas were reported. In addition, NCBVI reported one skills progression, 39 training milestones and one educational functioning level achievement. RSA confirmed that there were inconsistencies in the reporting with the number of trainings provided and the number of measurable skill gains (MSGs) reported. In part, this was due to NCBVI's misunderstanding of programs that qualify for MSG or that meet the requirement for credential attainment. In addition, these discrepancies also appear to be due to a lack of internal controls, limited and inconsistent training provided to staff, and limited quality assurance reviews. This observation will be further discussed in Sections C and D below.

During PY 2019, NCBVI appeared to inaccurately report or not provide career and other services, as demonstrated by the RSA-911 report. Of the 456 participants who received VR services in PY 2019, NCBVI reported providing vocational guidance and counseling to 53.9 percent of all participants. During this same period, NCBVI reported the following percentages of career and other services to its participants: job placement assistance (3.7 percent); assessment services (3.3 percent); benefits counseling (2.2 percent); customized employment services (0.4 percent); and supported employment services (0 percent). A more comprehensive list that includes the number of participants and percentages who received training, career, and other services for PY 2019 is included in Table 6 in Appendix A of this report.

NCBVI indicated that it does not believe the data reported for the VR services accurately reflected the services provided by, or in coordination with, VR counselors regarding the individuals who received VR services. NCBVI implemented a new case management system in 2017 with very little staff training and attributed the low percentages of VR services reported to the process used for entering data in its case management system. NCBVI acknowledged staff did not report data for services funded through comparable benefits or no-cost services as explained in PD-16-04.

## **Quality of Employment Outcomes**

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

In PY 2019, 39 individuals exited in competitive integrated employment, none of whom were in supported employment. During this period, the median hourly earnings for these individuals was \$14.03 per hour and the median hours worked per week was 40 hours. Of the individuals who achieved employment, 35.9 percent received social security benefits, including Social Security Disability Insurance (SSDI) (14 individuals) and Supplemental Security Income (SSI) for the aged, blind, or disabled (five individuals); and 12.8 percent maintained medical insurance coverage through Medicaid (15.4 percent) and Medicare (23.1 percent). Approximately 46.2 percent of individuals with medical coverage at exit received coverage through their employer.

In PY 2019, the greatest number of participants achieved employment, according to the Standard Occupational Classification (SOC) major groups, in the areas of office and administrative support occupations (six individuals), community and social services occupations (five individuals), and management related occupations (four individuals). The most frequently reported SOC titles reported by NCBVI in PY 2019 for participants who achieved competitive integrated employment included customer service representatives (three participants), assemblers and fabricators (two participants), and elementary school teachers (two participants).

Occupations with the highest median hourly earnings for NCBVI participants who achieved employment, included legal occupations (\$31.83), healthcare practitioners and technical occupations (\$26.54), and computer and mathematical occupations (\$25.96).

RSA and NCBVI discussed the need to assess in-demand industries and the necessary preparation of individuals for such careers, as well as the development of strategies to increase the number of individuals who achieve employment.

## **Pre-Employment Transition Services**

**Resources:** Appendix A—Tables 11 and 12

Of the 152 students with disabilities reported by NCBVI in PY 2019, 100 individuals (65.8 percent) received a pre-employment transition service, an increase from 72 students in PY 2017 and 95 students in PY 2018. Between PYs 2017 and 2019, NCBVI reported only one potentially eligible student with a disability receiving pre-employment transition services. NCBVI attributed the negligible number of potentially eligible students with disabilities served to the need to support the provision of pre-employment transition services with individualized VR services under an IPE due to the specialized population served by NCBVI. Thus, virtually all students with disabilities applied for and were determined eligible for the VR program. RSA and NCBVI discussed strategies for more focused outreach to students with disabilities to increase the number of students receiving pre-employment transition services either as potentially eligible or eligible individuals, and who apply for VR services.

The number of students with disabilities who received pre-employment transition services increased from 72 students (PY 2017) to 100 students (PY 2019) while the total number of pre-

employment transition services provided increased from 390 services to 718 services. Of the 718 pre-employment transition services provided in PY 2019, the greatest percentage of services included workplace readiness training (52.4 percent); counseling on enrollment opportunities in postsecondary education and transition programs (16.2 percent); instruction in self-advocacy (14.8 percent); and work-based learning experiences (9.7 percent). The smallest percentage of pre-employment transition services provided was job exploration counseling (7.0 percent) during the same period. Additional technical assistance is further summarized in Section C.

### **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 mean 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**

Prior to the monitoring review, RSA reviewed documentation from NCBVI outlining its internal control policies and procedures related to case service record reviews and reporting on the RSA-911. Based on the review of the documentation provided and discussion during the monitoring review, RSA recommended that NCBVI develop formal written internal control policies and procedures to ensure case service records contain required documentation in accordance with 34 C.F.R. § 361.47(a).

NCBVI has developed a case management review instrument used by agency administrative staff to conduct service case reviews annually. The service case reviews involve random sampling of service records per caseload. NCBVI also conducts monthly ad hoc queries related to the reporting of data elements on the RSA-911. These inquiries are based on the review of monthly reports to identify any abnormalities in data trends with additional queries being developed as needed. These annual and periodic case reviews are used to inform staff and supervisors of any deficiencies and identify training needs. Results are provided and discussed with the VR counselor and supervisor, and formal feedback is provided from the supervisor to the VR counselor, which is intended to improve performance of the data reliability and documentation requirements and is used for the performance rating of VR counselors. The deputy director meets monthly with district-level supervisors to discuss possible issues or trends identified.

RSA and NCBVI discussed the scope of the review process along with concerns involving conducting a limited number of reviews. NCBVI confirmed that only one staff member is assigned to conduct comprehensive case record reviews, limiting the number of case records reviewed each year. NCBVI did not provide RSA a summary of prior case review results, findings, or recommendations, and RSA was unable to determine the number of cases reviewed

annually or through monthly ad hoc reviews. NCBVI reported that it has been working closely with contractors for its case management system to identify and implement enhancements to improve its functionality specific to tracking, service authorizations, and reports. NCBVI will coordinate with RSA and VRTAC-QM to develop written policies, procedures, and internal controls to ensure consistency with reporting requirements.

### **C. Technical Assistance and Recommendations**

#### **Internal Controls**

NCBVI has no formal written internal control procedures to ensure case service records contain required documentation in accordance with 34 C.F.R. § 361.47(a). The agency has a case review tool that is used by an agency administrative staff person and district-level supervisors, but the agency lacks case review procedures implemented consistently across the State and at the central office level that would inform quality assurance reviews and the identification of staff training needs.

RSA identified and discussed multiple concerns with NCBVI's lack of internal control processes to ensure data are accurate and supported by the required documentation in the agency's case management system and service records. RSA clarified the need to provide accurate data supported by documentation is not only a requirement of Federal grant awards and regulations but essential to public and Congressional reporting. In addition, submission of timely and accurate data is an essential element of the performance indicators pursuant to Section 116(d)(5) and (e) of WIOA and RSA TAC-17-01.

RSA reviewed NCBVI's policies and procedures governing its internal controls for data collection, reporting, and processes for ensuring accurate performance data. RSA discussed with NCBVI the need to improve internal controls to ensure accurate, valid, and reliable data, as required by 34 C.F.R. § 361.40 and 2 C.F.R. § 200.303. During the review, NCBVI reported its reliance on the case management system for routine edit checks and visual review for data anomalies, which are conducted on a monthly and quarterly basis by an administrative staff member.

RSA communicated that NCBVI needed to develop more comprehensive systems that ensure proper internal controls are in place. RSA further explained that internal controls procedures must go beyond checking for data errors and consistency issues and must verify the data are accurate and supported with documentation in the case record that aligns with the correct dates of the services. RSA provided several examples using the review data tables that contained incorrect information to demonstrate the importance of these internal controls.

RSA provided technical assistance to NCBVI concerning its lack of written policies and standard operating procedures governing its internal controls for case review processes, case record reviews, and its process for submitting its RSA-911 report in an accurate and timely manner.

## **Tracking and Reporting the Provision of Services**

NCBVI has not accurately reported the VR services it provides to its consumers. In reviewing the number and percentage of VR services provided in the data for PYs 2017 through 2019, NCBVI shared with the review team that it has not reported all services provided in-house by staff in the areas of vocational rehabilitation counseling and guidance, job search assistance, job placement assistance, and benefits counseling. Furthermore, NCBVI indicated VR services supported by the agency but provided through comparable benefits, including institutes of higher education or training programs that involve Pell Grants, were also not reported. RSA discussed the issuance of a policy directive or appropriate agency guidance that all services for and provided to participants, including career services, are accurately coded, tracked, and reported at the time of service provision.

## **Measurable Skill Gains and Credential Attainment**

RSA identified inconsistencies between the amount of training services provided and the number of measurable skill gains (MSGs) reported. These discrepancies appear to be a result of NCBVI's inaccurate determination of when an individual may be eligible and counted as having achieved MSGs and/or a recognized postsecondary credential. Further, RSA confirmed NCBVI did not provide staff with the appropriate training and resources to accurately determine and report MSGs, in accordance with RSA TAC-17-01. For example, documentation reviewed by RSA indicated programs at the Nebraska Center for the Blind, non-credential career and technical programs, college workshops, group home teaching programs, programs through the Nebraska Center for the Education of Children who are Blind and Visually Impaired, etc. are incorrectly identified as eligible for MSGs. Further, all MSGs (and credential attainments) are verified by the same administrative staff person using this documentation and not reviewed at the district or other appropriate level. RSA staff provided technical assistance and materials on when participants may be eligible for MSGs and credential attainments. RSA strongly recommended NCBVI develop a data validation tool and use ad hoc queries through its case management system to assist staff to verify data on a frequent basis across multiple levels, including field staff, supervisors, and administrative staff.

## **Policies and Procedures**

RSA provided technical assistance to NCBVI regarding the need to develop a formal policy and procedure manual that is regularly updated, organized, comprehensive and accessible to all staff, in accordance with the requirements of 34 C.F.R. § 361.50 and that includes all written policies governing the provision of its services. NCBVI's policies and procedures consisted of a collection of formalized policies, memorandums and other documents developed at different times. NCBVI's Scope of Services policies, which are codified in the Nebraska Administrative Code, include a very limited overview of VR services and appear to be outdated. RSA clarified the need for NCBVI to develop a formalized policy manual, in accordance with 34 C.F.R. § 361.50, as discussed during the review process and in this report, for the effective, efficient, and consistent delivery of VR services.

RSA reviewed and provided NCBVI feedback and guidance related to its policies and procedures governing the process for and provision of VR, supported employment and pre-employment transition services consistent with applicable Federal requirements of the Rehabilitation Act and 34 C.F.R. parts 361 and 363.

RSA provided specific feedback and technical assistance in the following areas:

#### Supported Employment Program and Customized Employment Services

RSA reviewed NCBVI's policies and procedures, which combined the Supported Employment program and customized employment services. RSA clarified the following areas:

- The policies and procedures included requirements for Section 511 of the Rehabilitation Act, specifically youth and adults interested in working in subminimum wage employment, which is not an area limited to the Supported Employment program and should be defined as its own policy. Further, youth interested in working at subminimum wage must not be determined “too significantly disabled to benefit from VR services” before entering subminimum wage employment. Rather, individuals with disabilities seeking only subminimum wage employment may be determined ineligible for the VR program because they are not seeking competitive integrated employment as an employment outcome.
- Customized employment is not limited to the receipt of supported employment services. In accordance with 34 C.F.R. § 361.5(c)(11) customized employment may include individuals with significant disabilities as well as those with the most significant disabilities eligible for support employment services. RSA recommended NCBVI establish separate policies and procedures for customized employment referencing it as an option for individuals with the most significant disabilities seeking supported employment.
- RSA explained the time frames for the provision of supported employment services, including extended services for youth with most significant disabilities. RSA clarified supported employment services can be provided up to 24 months, unless special circumstances require a longer period, before the transition to extended services. NCBVI may provide extended services to youth with the most significant disabilities after the provision of supported employment services; however, extended services may not exceed four years or may only be provided until the youth turns age 25 whichever comes first.
- RSA clarified that VR agencies are prohibited from using Title VI funds for eligible individuals until the individual has secured employment. Title I funds may be used for job development, job readiness, or other VR services prior to employment.
- RSA provided clarification on the definition of “supported employment” including the short-term basis provisions, and reviewed requirements for employment outcomes and the procedures for case closure in accordance with the requirements at 34 C.F.R. §§ 361.56, 363.54 and 363.55.

#### Pre-Employment Transition Services

NCBVI provided RSA its policies and procedures regarding pre-employment transition services and transition coordination as part of the review process. RSA provided the following technical assistance to NCBVI:

- RSA clarified the scope of services allowable under each of the required pre-employment transition services and the coordination activities, as well as the allowability of services identified on an eligible student with a disability's IPE necessary to support access to the required activities, which may be charged to the 15 percent reserved funds.
- RSA reviewed the definition of auxiliary aids and services for students with disabilities receiving pre-employment transition services and clarified those services that could be provided as an auxiliary aid and those services that would be considered as a support service or individualized service on the individual's IPE. For example, the acquisition and modification of equipment and devices may be appropriate for an individual with an approved IPE receiving pre-employment transition services, but not all equipment and devices are considered an auxiliary aid or service.
- RSA provided clarification on the definition of on-the-job (OJT) training compared to work-based learning experiences, as defined in NCBVI's policies for pre-employment transition services. RSA clarified that OJTs are not an assessment tool to determine whether an individual is able to work to determine eligibility, or to determine the individual's work traits, aptitudes, limitations, potentials and work stamina for a particular area of employment. Rather, OJTs should be used once an individual has been offered employment or as an incentive for employers to hire individuals with disabilities while covering a portion of wages during the initial period of employment when the individual is unable to perform at the same level as other new employees also learning the job tasks. RSA also clarified that trial work experiences may be explored with an individual to determine eligibility or ineligibility for VR services if NCBVI has reason to believe that the individual is unable to benefit in terms of an employment outcome because of the severity of the individual's disability.
- RSA requested NCBVI remove reference to "potentially eligible youth" including the definition from its policies and procedures since this term is not defined under the Rehabilitation Act.

## **Pre-Employment Transition Services**

### Reporting of Pre-employment Transition Services

RSA provided technical assistance on the need to accurately collect, report and verify pre-employment transition services provided through community providers prior to the payment of services. In addition, RSA clarified that NCBVI must reimburse vendors for actual costs through required activities described in its contracts and must be able to account for the contract expenditures in a manner that permits the agency to report individual student expenditures on the RSA-911. NCBVI reported it primarily provides pre-employment transition services through contracts with its providers and direct provision of services by its staff. NCBVI provided RSA copies of its agreement for the provision of pre-employment transition services through the International School of Protocol (ISP) contract; the National Federation of the Blind (NFB) mentoring contract; and the Nebraska Center for the Education of Children who are Blind or Visually Impaired (NCECBVI) contract. The scope of services for each contract identifies the provision of four or five required services for all participating students. NCBVI also provided several memorandums of understanding (MOU) for Project Search for FFY 2019.

RSA reviewed the authorizations and invoices for the three contracts and MOUs. It was noted all authorizations were issued as group authorizations that identified up to ten students that included one or two required activities. Similarly, the invoices submitted by the providers included the amount owed for each student based on the monthly participation of each student with no identification of the specific dates or hours of attendance. All costs were associated with the one or two required activities identified on the authorization. Despite one or two required activities being identified on the authorizations and invoices, NCBVI reported that the intent was for the service provider to provide the four or five agreed upon required activities regardless of what may be reported on the authorizations and invoices. For the contract with ISP, the provider was paid the full amount agreed upon, \$25,000 with additional snacks and center rental costs added in one payment without the identification of the specific services or the students served. For the Project Search invoice, the invoice included a breakdown of payments provided as salary and benefits for the job coach who worked with the two students participating in the program totaling \$25,000 without further details on the hours worked directly with the students or the dates services were provided. The Project Search invoice covers the full academic year, from October of 2019 to the end of May 2020 and includes two individuals receiving pre-employment transition services and supported employment extended services for youth with the most significant disabilities during the same period. NCBVI reported that the \$25,000 is paid to the provider regardless of whether there were five students or one student participating in the Project Search program.

RSA requested examples of the progress reports associated with each of the agreements. In each of the examples, the progress did not provide the identification or an assessment of the student's performance on any of the required activities the student received and often omitted references to the required activities provided. In addition, progress reports and invoices did not provide specific dates of services received, providing instead the period of time during which a service was provided, ranging from a weekend to a month or three-month period. Therefore, NCBVI was unable to determine what actual required services were provided, the dates of such services, or amount of time spent in providing the services. As a result, NCBVI does not have any way to identify the progress the student made for any of the required activities or ability to verify whether the required activities were provided in accordance with the agreement.

RSA provided technical assistance to NCBVI on the need to develop contracts and MOUs that include the specific scope of services expected from the provider for each student who participates. In addition, RSA clarified the agreement must be based on an established rates of payment and tracking of services provided to authorized individuals consistent with the Uniform Guidance requirements in 2 C.F.R. § 200.302(a). In addition, invoices must be submitted and only paid in accordance with the agreed upon rate for each service that must be accompanied by a progress report that identifies the dates and times of services, the required services provided for each authorized individual, and sufficient documentation about the progress of the individual specific to the scope of services identified in the agreement.

RSA also provided technical assistance on the provision of supported employment services, including extended services to youth with a most significant disability, which can only be provided after individuals with the most significant disabilities have secured employment and require ongoing support services, in accordance with 34 C.F.R. 361.5(c)(54). Therefore, supported employment services would not be allowable for students with disabilities receiving

pre-employment transition services. Additional information regarding this issue is included in part D of this section and Section 3, part D.

#### Procedures for Staff Tracking Time in the Provision of Pre-employment Transition Services

NCBVI was provided technical assistance on the requirement to develop and implement formal procedures for staff to track time when providing pre-employment transition services to students with disabilities. NCBVI indicated it does not have procedures in place for staff to track their time providing pre-employment transition services and to verify staff time. This includes a process for identifying required and coordination activities or authorized activities, specific intervals of time that should be used by staff (e.g., every 30, 15 or six minutes) and the specific activities that should be included under each area. In addition, the procedures should include the process for the verification of time to ensure only allowable pre-employment transition services are provided by staff are counted towards the reserve and the time is accurately reported.

#### Accurate Reporting of Students with Disabilities

RSA reviewed the data reported by NCBVI through the RSA-911 report for PYs 2017 through 2019, including the number of students with disabilities who received pre-employment transition services, students potentially eligible for VR services and students reported as applicants or eligible for VR services. In PYs 2017, 2018, and 2019, NCBVI reported 158, 148, and 152 students with disabilities, respectively. During this period, NCBVI reported providing pre-employment transition services to 72 students in PY 2017, 95 students in PY 2018, and 100 students in PY 2019, or 46 percent, 64 percent and 66 percent, respectively, of the students reported by the agency. During PYs 2017 through 2019, NCBVI reported serving one potentially eligible student with a disability. RSA provided technical assistance on the reporting requirements for students with disabilities and discussed remedies to appropriately track and report all students with disabilities who receive pre-employment transition services, in accordance with PD-19-03.

#### State Educational Agency (SEA) Agreement

NCBVI provided RSA its most recent SEA in effect for the 2019-2020 academic school year. RSA reviewed the agreement and noted that while most of the required elements were addressed, significant recommendations were necessary. In some cases, the recommendations were made to clarify and provide further details on specific areas, such as financial requirements or which entity is responsible for specific activities. Other recommendations were made to ensure full compliance with the requirements of Sections 101(a)(11)(D), 101(c), and 511 of the Rehabilitation Act and 34 C.F.R. § 361.22 of the VR program regulations. For example, the SEA stated, “the DOE will advise that the LEA will not enter into an agreement with an entity holding a special wage certificate under section 14(c) of the Fair Labor Standards Act.” RSA provided technical assistance clarifying that the SEA and local educational agencies (LEAs) must assure that they will not enter into an agreement or contract with an entity operating a program under which a youth with a disability is engaged in work compensated at subminimum wage. Following written feedback and a discussion with the agency regarding the necessary changes, a revised agreement was provided to RSA for its review.

## **D. Findings and Corrective Actions**

RSA’s review of the performance of NCBVI in this focus area resulted in the identification of the following finding and the corresponding corrective actions to improve performance.

### **2.1 Insufficient Internal Controls**

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

**Requirement:** 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, reliability of reporting for internal and external use; and that 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 CFR §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.

An internal control deficiency exists 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 non-compliance with Federal and State requirements.

**Analysis:** RSA found several areas of concern related to insufficient internal controls or a lack of internal controls, which affect NCBVI’s ability to effectively manage the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award.

#### **I. Insufficient Internal Controls to Ensure Accurate Data Reporting**

- a. **VR Services Reporting:** Data reported by NCBVI on the number and percentage of VR services provided in PYs 2017, 2018, and 2019, were inaccurate because the VR agency did not report services provided by in-house staff in the areas of vocational rehabilitation counseling and guidance, job search assistance, job placement assistance, and benefits counseling, or some other purchased services and comparable benefits. RSA discussed the issuance of a policy directive or appropriate agency guidance that all services provided to participants, including career, training, and other services, are accurately coded, tracked, and reported at the time of service provision. As part of the review process, NCBVI submitted a review tool used by administrative staff and district supervisors. However, NCBVI has not implemented a comprehensive system of internal controls, such as case review policies and procedures implemented at the State or central office level that would inform quality assurance reviews and identify staff training needs. Upon review of NCBVI's policy and procedures, internal control documentation, and discussions with the NCBVI management staff, RSA determined that NCBVI had not established or maintained a comprehensive system of effective internal controls, or sufficient policies and procedures to ensure consistency with applicable Federal requirements in accordance with 2 C.F.R. § 200.303 and requirements in 34 C.F.R. § 361.50.
  
- b. **Measurable Skill Gains Reporting:** NCBVI did not submit accurate data reports pursuant to 34 C.F.R. § 361.40. RSA reviewed and discussed the material provided by NCBVI regarding the reference guide used for determining whether an individual has achieved MSGs or is eligible for credential attainment and determined the agency is using a standard inconsistent with the requirements defined at RSA TAC-17-01. NCBVI reported between 43.2 percent and 55.9 percent of its participants for PYs 2017 through 2019 were eligible for measurable skill gains, with 51.3 percent to 67.0 percent of these participants reported as achieving MSGs. NCBVI provided RSA an internal reference document that identifies the education and training programs eligible for MSG or credential attainment. According to the reference document and discussions with NCBVI during the review, programs at the Nebraska Center for the Blind, non-credential career and tech programs, college workshops, group home teaching programs, etc. are incorrectly identified as eligible for MSGs. At the time of the review, NCBVI did not have written policies or procedures specific to the requirements for reporting MSGs and other performance accountability measures, which may have contributed to the insufficient identification and inaccurate reporting of MSGs. All MSGs and credential attainments are verified by the same administrative staff person and not reviewed at the district level. Furthermore, internal controls had not been developed or implemented to ensure the accurate reporting of MSGs, as well as the maintenance of supporting documentation to substantiate the gains reported.
  
- c. **Pre-Employment Transition Services Tracking and Reporting:** NCBVI did not accurately track and report pre-employment transition services provided through its service providers, in accordance with PD-19-03. RSA reviewed sample authorizations and invoices for three service agreements (NFB Mentoring Program, NCECBVI, and ISP). Although the three service agreements identify the provision of four or five authorized activities under the Scope of Work sections or its curriculums, NCBVI issued group

authorizations that identified one authorized required activity. The invoices associated with the authorizations identified the students who participated, the required activity, and the contracted monthly rate. The sample of authorizations and invoices do not accurately represent the scope of services described under each agreement and do not accurately represent services received by the students or allow for the accurate tracking and reporting of services purchased through service providers.

For example, the NFB Mentoring agreement includes the provision of four authorized activities under the Scope of Work section: workplace readiness training, job exploration counseling, instruction in self-advocacy, and counseling on opportunities for postsecondary education, to be provided for a minimum of eight and a maximum of 15 hours of service per month at a rate of \$578 per student. Several sample authorizations and corresponding invoices for the NFB agreement were reviewed and included ten students receiving workplace readiness training during a three-month period using a monthly rate. RSA also reviewed the progress reports for students covering the same three-month period and the progress reports did not include the date of services, the interval of time for each service, or the type of service received. NCBVI verified its intention for students to receive the four authorized activities but cited limitations when issuing group authorizations as the reason for identifying only one required activity. In addition, NCBVI verified it was unable to determine the amount of time or intervals for the authorized activity provided to each student, as described under the Scope of Work section of the agreement.

The NCECBVI and ISP agreements for pre-employment transition services also include the provision of four and five authorized activities, respectively, but issued group authorizations for one authorized activity and received invoices for one service despite the expectation the full scope of services, as described in each agreement, were provided. As a result, NCBVI did not accurately track and report the extent or scope of pre-employment transition services received through its providers.

NCBVI provides pre-employment transition services to applicants and individuals eligible for VR services, but the required services are not available to all students with disabilities who are potentially eligible for VR services as required by 34 C.F.R. § 361.48(a). RSA reviewed data reported by NCBVI through the RSA-911 reports for PYs 2017 through 2019, including the number of students who received pre-employment transition services, students potentially eligible for VR services, and students reported as applicants or eligible for VR services. In PY 2017 through PY 2019, NCBVI reported providing pre-employment transition services to 72, 95, and 100 students, respectively, but reported providing services to only one potentially eligible student in PY 2019. RSA provided technical assistance on the reporting requirements for students with disabilities and discussed remedies to appropriately track all students with disabilities who receive pre-employment transition services.

## II. Insufficient Policies and Procedures consistent with Federal requirements

- a. Supported Employment program policies contained inaccurate and incomplete information:

- NCBVI procedures inaccurately state, “all clients whom have Supported Employment marked on their IPE can receive all services utilizing Basic Support and/or Pre-ETS funds.” The procedures further specify that three services that could be provided: customized employment services, job coaching supported employment, and extended services to youth with a disability. The procedures for “job coaching - supported employment,” in part, define this service as extended services that are ongoing support services needed to support individuals with most significant disabilities, including youth with a most significant disabilities for a period of time, but not to exceed 24 months to achieve an employment outcome as identified on the IPE. Further, “extended services to youth with a disability” does not include the services that must be provided only to youth with a most significant disability and provided after the provision of supported employment services up to 24 months.
- NCBVI supported employment policy also includes three sets of milestone payments: (1) supported employment; (2) customized employment; and (3) the individual has secured employment and job coaching and stabilization services has been initiated. Milestones 1 and 2 are provided and paid before employment is achieved. NCBVI did not specify in its procedures that supported employment funds cannot be used prior to Milestone 3. Milestone 3 includes job coaching and stabilization without identifying the minimum number of hours contracted for job coaching, verification of services provided by the job coach prior to the submission of payment, or method in which the State assesses or verifies if an individual achieves job stabilization.
- NCBVI has a milestone paid one year after successful employment is achieved. If the individual with a most significant disability is still successfully employed, NCBVI pays the supported employment provider \$1,000 as a job maintenance incentive payment. Payment can only be paid if “the client is not eligible for long-range funding from another source, such as the DD waiver.” RSA found this method of payment could not be consistently applied to its providers, thus creating an inconsistent form of payment. In addition, as described, the incentive payments may be a form of extended services, which is unallowable for adults with the most significant disabilities. Finally, any authorization made after an individual’s VR service record has been closed is not allowable.
- At the time of the review, NCBVI reported serving approximately 60 individuals with the most significant disabilities, including youth with the most significant disabilities, pursuing a supported employment outcome. NCBVI reported the provision of few supported employment services during the review period, with five services provided in PY 2017, one in PY 2018 and no services provided in PY 2019. In contrast, NCBVI reported providing extended services to youth with the most significant disabilities to three individuals in PY 2017, 14 individuals in PY 2018, and 17 individuals in PY 2019. NCBVI reported extended services for youth with the most significant disabilities were often used for students with disabilities receiving pre-employment transition services. Specifically, NCBVI identified students enrolled in internships or pursuing Project Search as receiving pre-employment transition services and extended services using both Title I funds counted towards the reserve and Supported Employment funds for the same service during the same period of time.

- b. NCBVI's policies and procedures for pre-employment transition services included a number of inaccuracies regarding the provision of services, in accordance with Section 113 of the Rehabilitation Act and 34 C.F.R. § 361.48(a). For example, allowable services in the procedures included employment-related and medical support services and the acquisition or modification of equipment or devices.
- c. RSA identified the need for revisions to existing policies and development of written policies and procedures governing the provision of services for individuals with disabilities in accordance with 34 C.F.R. § 361.50. Specifically, some policies require clarification in order to align with the requirements in 34 C.F.R. § 361.40 regarding the submission of timely and accurate data reports. At the time of the review, NCBVI did not have written policies or procedures specific to the requirements for reporting measurable skill gains and other performance accountability measures, which may have contributed to the inaccurate reporting of measurable skill gains. Furthermore, internal controls have not been developed or implemented to ensure the accurate reporting of measurable skill gains or credential attainment, as well as the maintenance of supporting documentation to substantiate the gain reported.
- d. NCBVI's internal controls policies and 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. The agency has a case review instrument that is used by an agency administrative staff person and district-level supervisors, but the agency lacks a case review policy and procedure implemented at the State or central office level that would inform quality assurance reviews and the identification of staff training needs.
- e. NCBVI's case closure procedure lacks uniformity across the State, as well as a written policy. NCBVI will need to develop internal controls written policies and procedures specific to case closure requirements, including acceptable closure documentation such as the closure letter issued to the client, to ensure consistency across the State. Prior to closing the record of services of an individual who achieved an employment outcome, 34 C.F.R. § 361.56(c) requires agreement from the VR counselor and the individual that the employment outcome is satisfactory, and the individual is performing well in employment. The individual must also be informed through appropriate modes of communication of the availability of post-employment services. Furthermore, Section 102(c)(2) of the Rehabilitation Act and 34 C.F.R. § 361.57 require written notification be provided to the client whenever VR services for an individual are reduced, suspended, or terminated, as well as the availability of the Client Assistance Program under 34 C.F.R. part 370.
- f. NCBVI does not have any procedures concerning staff tracking time spent for the provision of pre-employment transition services and how this time would be verified. This includes the process for identifying authorized and coordination activities or authorized activities, specific intervals of time that should be used by staff (e.g., every 15 minutes, six minutes), and the specific activities that should be included. In addition, the

procedures should include the process for the verification of time to ensure only the applicable activities provided by staff are counted towards the reserve and the time is accurately recorded.

**Conclusion:** RSA determined that, at the time of the review, NCBVI had not established and maintained effective internal control over its Federal award that provided reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. As a result of the analysis, RSA determined that NCBVI's internal controls did not ensure the service record requirements at 34 C.F.R. § 361.47 were met. NCBVI must develop and implement internal controls that ensure the proper and efficient administration of the VR program, including those necessary to submit accurate and reliable data reports with required documentation to verify its data for the VR and Supported Employment programs. In addition, NCBVI must develop a system of internal controls to evaluate and monitor its performance for continuous improvement and compliance.

**Corrective Action 2.1:** RSA requires that NCBVI—

- 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 through service record documentation, the requirements at 34 C.F.R. § 361.40 and RSA PD-19-03 (now in effect for the reporting of RSA-911 data since July 1, 2020) for the accurate reporting of its data are met;
- 2.1.2 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;
- 2.1.3 Develop mechanisms to collect and aggregate the results of these reviews and use the results to inform and conduct necessary training and evaluation of staff; and
- 2.1.4 Assess the effectiveness of the policies and procedures governing NCBVI's internal control procedures to ensure compliance and the accurate reporting of data.

**VR Agency Response:** NCBVI does not agree with RSA's requirement that the agency develop new policies and procedures in order to have complete records of service (34 C.F.R. §361.47) and to submit complete and accurate reports (34 C.F.R. §361.47). NCBVI has more than 100 policies (including internal controls), procedures and forms, organized by topic and located in a shared network drive, easily accessible to staff at all levels and meets regularly with staff and managers. NCBVI data discrepancies in 2017 through 2019 are the result of its transition to a new case management system in 2017, necessary to meet the WIOA data collection and other requirements, staff's adjustment to the system and reporting requirements, and because the agency continued to receive clarification from RSA regarding how to report the data that was collected. Sometimes information was received just before a report was due. For example, just days before the new case management system was implemented, RSA issued revised RSA Policy Directive (PD) 16-04, with reporting requirements that were effective upon issuance June 14, 2017, and applied to the July 1, 2017 quarterly report. NCBVI is confident that its data and

reporting have improved since the period monitored, and it continues to adapt to changes in reporting requirements such as those in PD-19-03.

Supervisors will continue to evaluate VR counselors' performance, address concerns, and incorporate efficient practices of high performing supervisors and counselors into policies and procedures. Supervisors will utilize tools including annual Performance Evaluations, which include evaluating accuracy and productivity, and regular meetings. Further, the case management system has built in checks and balances. NCBVI requests clarification, with authority, that its comprehensive annual review of each counselor's cases and tools utilized are insufficient to meet Federal requirements.

NCBVI regularly assesses the effectiveness of its internal control policies to ensure compliance and accurate reporting, and will continue to review, and update, in keeping with its commitment to continuous improvement. NCBVI is in the process of consolidating its policies and procedures into an online manual with easier search options, as a best practice.

**RSA Response:** RSA appreciates the feedback from NCBVI and the additional efforts that have been implemented since the review concluded to improve its policies and procedures to ensure Federal reporting requirements are met and the accuracy of data. NCBVI's response does not introduce any new information that would substantiate a change to the finding, or the corrective actions required for NCBVI to comply with the requirements. All updates or revisions made by NCBVI to its policies or procedures subsequent to the review will be reviewed as part of the corrective action plan (CAP) process once the report has been finalized and a CAP has been agreed upon. As a result, the finding stands as written. RSA looks forward to working with NCBVI to resolve the finding through the CAP and ongoing technical assistance.

**VR Agency Request for Technical Assistance:** NCBVI requests technical assistance for developing group authorizations in lieu of proposed individual authorizations for group training; and how to further strengthen internal controls without creating such time-consuming and costly processes that client resources are impacted.

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

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### **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**

During the review 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 Federal fiscal year (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, MOE, etc.). The RSA review team assessed NCBVI's performance in meeting the period of performance requirements related to the proper assignment of obligations and expenditures to the correct grant awards.

#### **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 NCBVI's 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;

- Private donations; 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 NCBVI'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 contracts for the provision of pre-employment transition services.

### **C. Technical Assistance and Recommendations**

- RSA and NCBVI reviewed the period of performance requirements and discussed the critical nature of ensuring all Federal and non-Federal obligations are assigned, tracked, and accounted for in the appropriate grant and reporting periods, to properly determine the extent to which the VR agency met match, MOE, and Federal carryover requirements. RSA learned from the VR agency that its policy does not address the State and agency-

specific details related to its case management system and State accounting system. This led to clarification about the requirement to report all non-Federal and Federal unliquidated obligations at the end of SF-425 reporting periods. RSA indicated NCBVI needs to revise its policies and procedures for preparing the SF-425 report, with a particular focus on reporting unliquidated obligations.

- NCBVI prefers to use group authorizations for purchased VR services instead of individual authorizations generated by VR Counselors (VRCs) for the VR applicants and participants on VRC caseloads. NCBVI indicated it believes the group authorization process is easier and more efficient than VRC-generated individual authorizations. RSA provided technical assistance that, whichever authorization mechanism NCBVI uses, the agency must ensure its authorization process is sufficient to meet requirements related to assignment of obligation, tracking, payment, and reporting, which are requirements regardless of whether NCBVI uses individual or group authorizations.
- During RSA discussions with NCBVI about the Supported Employment (SE) program, NCBVI indicated that it tracks funds for both the SE-A (non-youth) and SE-B (youth) awards under a single budget in the case management system. Since the SE-A and SE-B awards have specific requirements, including a match component for the SE-B award, RSA provided technical assistance about tracking obligations incurred for youth with the most significant disabilities to ensure the VR agency meets the match requirement and spends reserve funds only on youth with the most significant disabilities. RSA clarified that the SE-A and SE-B awards must remain balanced, meaning agencies may only spend (and carry over when eligible) SE-A award funds in direct proportion to the SE-B award funds it matched and expended. NCBVI clarified that in the State accounting system, there is coding sufficient to track costs to the separate grant awards. However, consistent with Finding 3.1, NCBVI must ensure that all Federal and non-Federal obligations are assigned, tracked and reported consistent with period of performance requirements. Establishing two budgets, or similar tracking mechanism(s), to account for the Federal SE-A obligations and non-Federal and Federal SE-B obligations in the case management system, will assist NCBVI with determining how much of the SE-B award is matched, obligated and spent, indicating how much of the SE-A award may be spent.
- RSA provided technical assistance that both adults and youth with the most significant disabilities under an IPE may receive ongoing support services under the Supported Employment program, but only youth may also receive extended services paid for by NCBVI, for a period not to exceed four years until the individual turns 25 years of age. RSA's review of the milestone payment structure that NCBVI used during the review period indicated that Milestone 5 (Job Maintenance Incentive), paid one year after an employment outcome, was only paid if the client was not eligible for long-range funding from another source, such as the Developmental Disabilities waiver. RSA clarified that while NCBVI may structure incentive payments to community rehabilitation providers (CRPs) based on standardized achievement requirements outlined consistently in contracts (e.g., minimum hours worked or hourly wages above the minimum wage), it cannot pay for extended services to adults. However, the Milestone 5 appears to fund extended services since the language indicates the VR agency only funds the milestone

payment when long-term funding sources are not available, without a process to discern whether or not the individual is a youth. As a result of this technical assistance, NCBVI began revisions to the milestone payment provision policy.

- RSA discussed with NCBVI establishing internal controls to manage non-Federal sources of funds, taking into consideration each fund source, and the flexibilities regarding how the funds may be spent from each source. RSA clarified that all non-Federal funds spent on VR activities must be reported as match and MOE on VR Federal financial reports. However, if flexibilities from an unrestricted fund source (e.g., private donations) allow the donated funds to be spent on activities that benefit programs other than the VR program, that flexibility may permit NCBVI to obligate, expend and track those funds in other non-VR programs, resulting in little or no effect on VR non-Federal share including MOE.
- RSA discussed with NCBVI options proposed to allocate leave. Since leave must be equitably allocated to all related activities and programs, RSA indicated that the allocation of leave should include a sample period of personnel time worked that is large enough to capture variations in time spent working on cost objectives over time. Using multiple pay periods will result in a proportionate allocation to activities and programs worked on by NCBVI employees, not just the activities or programs worked on during the pay period the leave is taken by the employee, as this may result in activities or programs not receiving a fair allocation of leave costs.
- RSA staff provided technical assistance about tracking and reporting costs and services paid for with pre-employment transition services reserve funds. Reserve funds must be reported on Federal reports, including the RSA-911, SF-425 reports and the RSA-17 report beginning in FFY 2021, all of which have different requirements. The RSA-911 report captures both expenditures and service type (individual required activity) when under a contract for purchased consumer services, but it also requires reporting of which required activity is provided to a student with a disability when the activity is provided “in-house.” While tracking of service provision is always required, personnel costs for pre-employment transition services provided by VR agency staff are only reported on the VR program financial reports (SF-425 and RSA-17), and these costs are also used to determine the amount of set-aside reserve funds necessary to provide required and coordination activities before spending funds on authorized activities. Therefore, there is no need for VR agency staff to track personnel costs down to the level of each of the five required activities to determine overall costs for reporting reserve expenditures. This is also true of coordination and authorized activities, which can be included on VR Federal financial reports as part of reserve expenditures.

This means that VR agency staff must have a method to identify, track and report the provision of the five specific required pre-employment transition services activities provided to students with disabilities as a service type. In addition, the VR agency personnel costs associated with providing pre-employment transition services (based on activity category) may be assigned and tracked using the following example cost objectives, which will assist with financial reporting and set-aside determination:

- Time spent providing required and coordination activities; and
- Time spent providing authorized activities as its own cost objective.

Uniform Guidance states that personnel activity reports (PARs), or other record keeping systems, may be used to track VR agency staff time and personnel costs, and assign them to cost objectives (2 C.F.R. § 200.430). As an example, for the RSA-911, if a VR Counselor is providing work readiness training, the VR Agency will report that the service was provided on the RSA-911. However, the VR Counselor personnel costs associated with the time spent providing the required activity will be reported on the SF-425 or RSA-17 report and may be factored into the agency's set-aside determination. The tracking of costs for the RSA-911 is required for purchased required activities, including those purchased under a contract providing required activities to students with disabilities. Purchased service costs from the reserve are also reported on the SF-425 and RSA-17 reports.

- RSA and NCBVI discussed the rate setting requirements that govern all purchased VR services in 34 C.F.R. § 361.50, and the provisions in the Uniform Guidance related to reasonable costs in 2 C.F.R. § 200.404, which the VR agency should consider and incorporate when finalizing its updated written policies governing rates of payment for VR services. These factors include, among others, acting with prudence, comparing rates other State or private agencies may pay for similar activities, comparing what the VR agency pays for similar activities across the State, and other sound business practices.
- During the review sessions RSA and NCBVI discussed the interagency agreement between the Nebraska Office of Vocational Rehabilitation (NVR) and NCBVI. A review of the Infrastructure Costs section of the agreement indicated that, unless specified in annual funding agreements or in lease agreements, infrastructure and shared service costs of American Job Centers are allocated based on the State's VR allotment split of 84.5 percent to NVR and 15.5 percent to NCBVI. Discussions with NCBVI staff members did not confirm that this allocation is based on a reasonable methodology that assigns contributions based on proportionate use and relative benefits received by the VR agencies at the one-stops. RSA provided technical assistance that NCBVI should engage in discussions with NVR and other one-stop partners to negotiate a reasonable methodology to allocate one-stop operational costs consistent with Uniform Guidance and joint WIOA implementation guidance, including TAC-17-02 and TAC-17-03.

#### **D. Findings and Corrective Actions**

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

##### **Finding 3.1 Obligations and Expenditures Not Properly Assigned to Correct Period of Performance**

**Issue:** Does NCBVI meet obligation and expenditure requirements in 2 C.F.R. § 200.71 and 34 C.F.R. § 76.707. Does NCBVI assign obligations and expenditures to the correct Federal award

in accordance with 34 C.F.R. § 361.12; 2 C.F.R. §§ 200.77, 200.302, 200.303(a), 200.309; and 34 C.F.R. § 76.702.

**Requirement:** As a recipient of Federal VR and Supported Employment program funds, NCBVI must have procedures that ensure the proper and efficient administration of its VR and Supported Employment programs and enable NCBVI to carry out all required functions, including financial reporting (34 C.F.R. § 361.12). In accordance with the Uniform Guidance in 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 the 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. The Uniform Guidance requires the financial management system of each non-Federal entity to provide for the identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received (2 C.F.R. § 200.302(b)). In addition, Education Department General Administrative Regulations (EDGAR) at 34 C.F.R. § 76.702 require States to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds.

Each grant award has a defined "period of performance," which is the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award (2 C.F.R. § 200.77). A non-Federal entity may only charge to the Federal award allowable costs incurred during the period of performance (2 C.F.R. § 200.309, see also EDGAR 34 C.F.R. §§ 76.703 and 76.709). Grantees must implement internal controls necessary to ensure obligations and expenditures for a Federal award are assigned, tracked, recorded, and reported within the applicable period of performance for that Federal award, thereby ensuring the grantees are managing the award in compliance with Federal requirements (2 C.F.R. § 200.303(a)). The proper assignment of Federal and non-Federal funds to the correct period of performance is necessary for NCBVI to correctly account for VR and Supported Employment program funds so that RSA can be assured that the agency has satisfied requirements for, among other things, match (34 C.F.R. § 361.60), maintenance of effort (MOE) (34 C.F.R. § 361.62), and the reservation and expenditure of VR funds for the provision of pre-employment transition services (34 C.F.R. § 361.65(a)(3)).

Obligations means "orders placed for property and services, contracts and subawards made, and similar transactions that require payment by the non-Federal entity during the same or a future period." (2 C.F.R. § 200.71). For expenditures to be allowable under the Federal award, VR agencies must demonstrate that the obligation occurred within the period of performance of the Federal award. EDGAR regulations at 34 C.F.R. § 76.707 explain when a State incurs an obligation for various kinds of services and property. Expenditures must be for payment of actual financial obligations. Obligations must be charged to a Federal award and must occur within the appropriate period of performance. Therefore, in order to properly account for and liquidate expenditures, grantees must be able to assign an obligation to a Federal award based on the date the obligation was made (34 C.F.R. §§ 76.703 and 76.709).

**Analysis:** During the review RSA and NCBVI discussed the agency's ability to track and report obligations in its systems. A review of the period of performance policy the agency submitted as part of its document request for monitoring revealed that the policy included relevant citations in EDGAR and Uniform Guidance. However, it also referenced statutory citations from another State, and generally was not tailored to the specific circumstances relevant to NCBVI, including its case management system and accounting system. The agency described internal controls within its systems, including object codes to identify services, business units in the accounting system to identify fund source, and restrictions that would not permit either authorization begin or end dates to cross over Federal fiscal years.

During the off-site review discussions, RSA learned that the case management system and State accounting system did not interact during the period of this review. NCBVI indicated it was working with the developer to move toward an interface between the two systems, anticipating implementation after the review period ended. Authorizations developed in the case management system are linked to object codes within the system to identify service categories. However, the information linked to the authorization does not identify the specific FFY award year. When invoices are received and payment requested by a vendor/CRP, they are approved in the case management system and forwarded to the business office for processing. Purchase orders are developed in the State accounting system at that time, and the agency initially indicated that the purchase order date serves as the obligation date. The purchase order includes a business unit with coding that identifies the FFY award, whether Federal or non-Federal funds are charged, and further breakdown to isolate costs (e.g., pre-employment reserve charges or program income reimbursement). RSA reviewed the period of performance and obligation requirements with NCBVI staff, and NCBVI concluded that the obligation date should be when the authorization is approved, as this constitutes the binding written agreement to obtain goods or services, as identified in EDGAR requirements.

NCBVI primarily spends its non-Federal share on personnel costs through payroll. The current business administrator began this process a couple years ago so that the agency would not have to frequently switch business units between non-Federal and Federal codes throughout the year of appropriation. Since personnel cost obligations occur at the time the work is performed, RSA clarified that NCBVI's period of performance policy should reflect such requirements as outlined in EDGAR 34 C.F.R. § 76.707, particularly since the majority of match and MOE costs for the VR program comprise personnel services of VR agency staff.

During the review process, RSA inquired about the process used to report unliquidated obligations on the SF-425 report, noting \$0 in unliquidated obligations reported on the FFY 2019 fourth quarter VR SF-425 report. RSA was informed by NCBVI staff that past practices and informal notes from former business office staff did not include unliquidated obligations on SF-425 reports. RSA discussed with NCBVI that formalized written policies and procedures for period of performance and Federal reporting are necessary to ensure that unliquidated obligations are assigned and tracked in accordance with EDGAR and Uniform Guidance requirements and reported accurately on Federal financial reports. RSA discussed the requirement of accurate Federal reporting of unliquidated obligations, expenditures, and unobligated Federal and non-Federal funds, as this information is necessary for RSA to determine the extent to which VR agencies meet non-Federal share requirements of match and MOE, as well as to determine

whether awards qualify for a carryover year and extension to the period of performance. Without accurate information submitted on SF-425 reports, RSA is unable to determine with certainty whether these requirements have been met.

In addition, while NCBVI's authorization begin and end dates may not cross over FFYs, obligations must be assigned to the FFY when the binding written commitment to obtain services is made, and services have begun, to ensure that Federal award funds expended on invoices are from the same period of performance associated with the obligation date. The agency did note that it has excess State funds that it can code for invoices or bills submitted outside of the period of performance of available funds.

**Conclusion:** Based upon RSA's analysis, it has determined that NCBVI is not in compliance with the Federal requirements in 34 C.F.R. § 361.12, 34 C.F.R. § 76.702, and 2 C.F.R. § 200.302 to accurately account for and report non-Federal and Federal obligations and ensure expenditures are paid from the correct Federal award for the VR award. Additionally, the agency did not have sufficient internal controls to ensure that: 1) obligations and expenditures assigned to a FFY were only for allowable costs under the DSU's approved State plan during the period of performance of awards; 2) all obligation dates were correctly recorded in the agency's case management system and accounting system and assigned to non-Federal and Federal sources; and 3) all non-Federal and Federal obligations and expenditures were accurately reported on the appropriate Federal Financial Reports for the appropriate awards.

RSA is concerned that NCBVI's financial management system does not meet Federal requirements because the agency is not able to ensure—

- Accurate fiscal data collection and financial accountability, as required by 34 C.F.R. § 361.12;
- The proper disbursement of and accounting for Federal funds, as required by 34 C.F.R. § 76.702; and
- Non-Federal and Federal obligations are assigned within the period of performance of the Federal award and expenditures liquidated in accordance with Federal requirements and the award's terms and conditions, in accordance with 34 C.F.R. § 76.707 and 2 C.F.R. § 200.302.

As a recipient of Federal VR program funds, NCBVI must have procedures in place that ensure proper and efficient administration of its VR program, and that enable NCBVI to carry out all required functions. The methods of administration must ensure accurate data collection and financial accountability (34 C.F.R. § 361.12 and 2 C.F.R. § 200.302).

**Corrective Actions 3.1** RSA requires that NCBVI —

3.1.1 Make requisite revisions to its financial data collection, analysis, and accounting processes to bring them into compliance so that NCBVI can—

- Ensure all Federal and non-Federal obligations (VR services purchased through authorizations, and personal services by NCBVI employees) are properly accounted

for and obligated to the correct funding source and FFY award in the agency's financial management system;

- Account for and accurately liquidate all non-Federal and Federal expenditures from the correct FFY award, commensurate with the period of performance for the corresponding obligations based on when they were assigned; and
- Accurately report non-Federal and Federal obligations and liquidations on the SF-425 report for the corresponding reporting period and period of performance for Federal awards.

3.1.2 Update and implement policies and procedures to accurately account for and report all obligations and expenditures for the cost categories identified in 34 C.F.R. § 76.707 to the correct FFY award period of performance, ensuring the policies address—

- The assignment of non-Federal and Federal obligations to the appropriate FFY award period of performance and the liquidation of such funds based upon the assignment of the obligation;
- The accurate reporting of unliquidated obligations, expenditures and unobligated Federal non-Federal funds on the SF-425 and recently implemented quarterly RSA-17 reports;
- The obligation of contract services and group authorizations in the financial management system to ensure liquidations are based upon the FFY in which the contracts were obligated; and

3.1.3 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with Federal requirements for the areas mentioned in corrective actions 3.1.1 and 3.1.2.

**VR Agency Response:** NCBVI does not agree that it must revise its policies regarding financial data collection, analysis and accounting in order to be in compliance. NCBVI agrees that there were errors between 2017 and 2019, but it has created and updated processes and is assigning expenditures to fiscal years as described in 34 C.F.R. §76.707. Internal controls, required by the State, as well as internal controls designed for VR specifically, are in place for the accounting of VR and Supported Employment funds and liquidation. NCBVI will continue to modify its policies and procedures in keeping with its commitment to continuous improvement and will continue to train and monitor financial management staff's compliance.

**RSA Response:** RSA thanks NCBVI for this response. RSA's review identified weaknesses in the policies and internal controls associated with assigning obligations, period of performance, and inaccurate reporting of financial obligations and data on Federal reports. NCBVI's response does not introduce any new information that would substantiate a change to the finding, or the corrective actions required for NCBVI to comply with the requirements. Any updates or revisions to policies or procedures NCBVI made during, or subsequent to, the review may be submitted through the corrective action plan process for RSA review. As a result, the finding stands as written and RSA looks forward to working with NCBVI to resolve the finding through the corrective action plan.

**VR Agency Request for Technical Assistance:** NCBVI requests technical assistance for documenting receipt of funds that are not used for vocational rehabilitation and will not affect maintenance of effort, such as the donations referenced in the report.

### **Finding 3.2 Internal Control Deficiencies**

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

**Requirement:** 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).

In addition, the Uniform Guidance at 2 C.F.R. § 200.62(a)(3) defines “internal control over compliance requirements for Federal awards” as a process implemented by a grantee that provides reasonable assurance that, among other things, that transactions are accurately recorded and accounted for to demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with the Uniform Guidance, 2 C.F.R. § 200.303, among other things, a non-Federal entity must—

- 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.

Additionally, 2 C.F.R. § 200.302(a) requires that 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 *The Role of Internal Control, Documenting Internal Control, and Determining Allowability & Use of Funds*, the U.S. Department of Education (Department) made clear to grantees 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 areas of concern, listed below, that fall within the internal control focus area.

#### **A. VR Administrative Policies**

**1. Reasonableness of Rates of Payment for VR Services** – During discussions with NCBVI management and a review of the agency's policies regarding VR services, RSA learned that NCBVI has a fee schedule at the back of its Chapter 1 – Scope of Services for the Blind and Cost Containment policy that identifies the rates it uses for assigning costs to purchased VR services. A review of this policy revealed language indicating services for physical or mental restoration follow State-determined Medicaid rates. However, the language regarding many other VR services states that fees are established in individual contracts with the service provider. There is no written process or procedure outlining how rates are determined and, during our review, NCBVI staff indicated the VR agency in many cases pays the amount the vendor/CRP requests within its vendor application without review. As a result, there is inconsistency and lack of a uniform process to determine rates of payment for VR services and the extent to which rates represent reasonable costs (2 C.F.R. § 200.404).

Federal regulations require NCBVI to establish procedures that enable it to administer the VR program in an efficient manner to ensure it can carry out all VR functions properly (34 C.F.R. § 361.12). Furthermore, Uniform Guidance provisions at 2 C.F.R. § 200.303(b) require NCBVI to establish internal controls that ensure the agency complies

with all Federal requirements. NCBVI also must establish and maintain written policies that govern the rates of payment for all purchased VR services (34 C.F.R. § 361.50(c)(1)). The Federal cost principles require that costs be allowable, reasonable, and allocable to the program (2 C.F.R. §§ 200.403 through 200.405). To be allocable to a program, the cost must be relative to the benefit received (2 C.F.R. § 200.405(a)). Because NCBVI does not have written policies that sufficiently govern the rate-setting methodology NCBVI uses to assign costs for purchased VR services, and it has no clear guidelines for staff members to follow in determining when to authorize rates of payment for VR services, including rates written into contracts, NCBVI cannot ensure that all expenditures incurred for the provision of purchased VR services are allowable, reasonable, and allocable to the VR program. Therefore, NCBVI cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. For these reasons, NCBVI has not complied with the VR administration and internal control requirements set forth at 34 C.F.R. § 361.12 and 2 C.F.R. § 200.303(b), respectively.

**2. Federal Reporting** – RSA requested documentation from NCBVI as part of RSA’s monitoring activities, including those for various policies and procedures. RSA’s review of the NCBVI Policy on Timely and Accurate Submission of Federal Financial Reports revealed the document comprised two paragraphs. The policy paragraph generally acknowledges that grant awards contain specific requirements for reporting along with rules and regulations, and the procedural paragraph was to gather other financial information needed from the State accounting system and the case management system.

During RSA’s review of Federal financial reports, RSA learned that fiscal staff use additional informal notes and memoranda to generate Federal reports, but those have not yet been formalized into policy. As a result, the agency does not have a comprehensive written policy or procedure for how it will synthesize data from the case management system and State accounting system to generate reports including the SF-425 and RSA-2 reports. RSA discussed the importance of a procedure that would outline the steps for identifying the correct data from State and agency systems to accurately compile and report data. Such a procedure is necessary to ensure NCBVI meets Federal requirements consistent with RSA reporting guidance, Uniform Guidance, and terms and conditions of the award. Additionally, such policies will not only ensure accuracy of reporting, but assist NCBVI with training new staff and conducting succession planning activities.

Uniform Guidance requirements at 2 C.F.R. § 200.302(a) require that 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 the 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. As discussed in Finding 3.1, the agency has not been accurately reporting unliquidated obligations on SF-425 reports. A comprehensive period of performance policy will help inform NCBVI’s Federal reporting policies, to ensure all obligations are reported consistent with EDGAR 34 C.F.R. § 76.707. Additionally, the

agency has not been reporting all non-Federal share on reports, as discussed in Finding 3.3.

During the review RSA also discussed with NCBVI its payment processing procedures. RSA discussed the importance of accurate reporting of grant funds and how the accounting basis the agency uses determines when obligations are liquidated as expenditures, which affects the timing of when obligations and expenditures are reported on Federal financial reports. RSA understands that NCBVI follows the cash basis of accounting, where expenditures are reported at the time of a cash outlay for payment. The agency indicated that obligations are considered liquidated, and reported on the SF-425 as expenditures, based on when an authorization is closed out in the case management system. However, additional descriptions of the payment process in the State accounting system, which occurs after the authorization is closed out in the case management system, indicated that when the purchase order is processed, and a warrant is generated is in fact when the cash outlay occurs and would more accurately represent the timing of when an obligation becomes an expenditure. Since there appears to be a short lag time between the two payment processing steps in the case management system and accounting system, RSA discussed with NCBVI the importance of reviewing its authorization closeout procedures when it revises its period of performance policy and develops its written Federal reporting policies, to ensure accurate tracking and reporting of expenditures and unliquidated obligations.

As described above, NCBVI cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. For these reasons, NCBVI has not complied with the VR program provisions and internal control requirements set forth at 34 C.F.R. §§ 361.3(a) and 361.12, and 2 C.F.R. § 200.302(a) and (b)(4). RSA reminded NCBVI that the implementation of robust policies and procedures to submit SF-425 reports should be replicated as it develops policies for the RSA-17, incorporating the instructions in Dear Colleague Letter [\(DCL\)-20-02](#) that RSA published on August 13, 2020.

**3. Personnel Cost Allocation** – During the monitoring review, RSA discussed with NCBVI its procedures for tracking personnel time across cost objectives. The agency shared its personnel activity reports (PARs) with RSA, describing how staff track time to various cost objectives. The PAR is a spreadsheet that contains some notes at the top to help staff enter data. However, the information has not been formalized into a more comprehensive policy to provide instructions to staff regarding data entry. In addition, RSA learned that leave is allocated based on the hours worked across programs on the current two-week timesheet. RSA clarified that to allocate leave based on proportionate use, a larger time period is necessary to offset variances that may occur in personnel hours worked on programs in a given pay period when the leave is taken.

Federal regulations require NCBVI to establish procedures that enable it to administer the VR program in an efficient manner to ensure it can carry out all VR functions properly (34 C.F.R. § 361.12). Furthermore, Uniform Guidance provisions at 2 C.F.R.

§ 200.303(b) require NCBVI to establish internal controls that ensure the agency complies with all Federal requirements. The Federal cost principles require that costs be allowable, reasonable, and allocable to the program (2 C.F.R. §§ 200.403 through 200.405). To be allocable to a program, the cost must be relative to the benefit received (2 C.F.R. § 200.405(a)). Uniform Guidance provisions at 2 C.F.R. § 200.431(b)(2) require leave costs to be equitably allocated to all related activities, including Federal awards.

Because NCBVI does not have written policies addressing the methodology NCBVI uses to track personnel costs and allocate leave, NCBVI cannot ensure that all expenditures incurred for the provision of VR services are allowable, reasonable, and allocable to the VR program. Therefore, NCBVI cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. For these reasons, NCBVI has not complied with the VR administration and internal control requirements set forth at 34 C.F.R. § 361.12 and 2 C.F.R. § 200.303(b), respectively.

## **B. Lack of Contractual Internal Controls**

During the monitoring review, RSA discussed with NCBVI staff, and reviewed contracts for, purchased consumer services, including sample invoices and supporting documentation from three pre-employment transition services contracts: the International School of Protocol (ISP) contract; the National Federation of the Blind (NFB) mentoring contract; and the Nebraska Center for the Education of Children who are Blind or Visually Impaired (NCECBVI) contract. The Agreement sections of all three contracts include language in subsection 6 (Cost of Services and Method of Payment by the Department) that indicates bills or invoices must identify the person served and the dates, amounts, and types of each service provided during the billing period. RSA confirmed that such language is consistent with the Uniform Guidance requirements in 2 C.F.R. § 200.302(a), requiring that 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 the 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. However, a review of the contract language developed by NCBVI and supporting documentation submitted by vendors demonstrated these requirements are not met on a consistent basis.

RSA's general review of the contracts indicated that the scope of work, responsibilities, supporting documentation, and invoice requirements are not structured in such a manner that clearly identifies how services that NCBVI is purchasing are provided by the CRP. The documentation does not describe how the CRP will provide services to students, track service provision to each student, and provide detailed supporting documentation back to NCBVI to demonstrate services were provided at the minimum standard that NCBVI expects. In addition, there is no consistent review of submitted invoices and supporting documentation sufficient for NCBVI to ensure full payment is warranted to the contractor, or to accurately report the amount of funds spent per service per student for RSA-911 and RSA-2 reporting.

A review of the ISP contract, invoice and supporting documentation indicated that the contract's scope of services was to conduct a 40-hour workshop for two weekends to enhance the social integration abilities of students. While social skills are an integral part of the work readiness training required activity, the group authorization sent to the vendor for the workshop for the 14 student attendees was for self-advocacy training. The workshop agenda was attached to the contract, but no further documentation within the contract described the services, standards and how the vendor should ensure the minimum requirements are met, such as identifying measurable objectives and specific goals for students attending the workshop. In addition, discussions with NCBVI did not confirm how the cost of \$25,176.94 for implementing this contract was determined, consistent with a required written contract governing rates of payment. The submitted invoice included charges of \$25,176.94, broken out for the two (2) trainers to conduct the workshop for \$25,000, and additional expenses of \$176.94 for snacks and rental costs.

A review of the NFB mentoring contract Attachment A identified language in the Scope of Services to review Attachments D, E and F. Attachment D identifies in its Scope of Services section that provisions are set forth in Exhibit A, which is Attachment E. In addition, Attachment D includes additional Terms and Conditions that were at times duplicative of the Agreement provisions in the general portion of the contract, and at other times different. Regardless, the document includes two separate sections in the contract and its attachments that appear to outline various terms and conditions of the contract. This contract is comprised of a general section, attachments, and exhibits that are confusing and do not provide clear and measurable goals and objectives for the contractor to carry out.

Further review of Attachment E (Exhibit A) of the NFB mentoring contract indicated the \$578 fee (from the original contract iteration) pays for activities including eight (8) to fifteen (15) hours per month of mentor-mentee interaction. However, despite this requirement identified in Exhibit A, as well as the Deviation from Contractual Services Contract Process Form, a review of the invoices and supporting documentation submitted by the contractor did not include such documentation to determine whether a sufficient minimum number of hours were provided to students each month to warrant full payment, yet the invoices were processed for payment. Exhibit A indicated that the per student fee was to provide required pre-employment transition services, and included descriptions of Workplace Readiness Training, Job Exploration Counseling, Instruction in Self-Advocacy, and Counseling on Opportunities for Postsecondary Education. A review of authorizations indicated under the description that the service was generally for the career mentoring program, or in other instances only self-advocacy. In both cases neither the invoices nor the supporting documentation were sufficient for NCBVI to determine the extent to which the required activities were provided, or detail necessary to report out expenditures per student per service on the RSA-911 and RSA-2 reports.

The NCECBVI contract also indicates in its description of the required pre-employment transition services that the contractor will provide Workplace Readiness Training, Job Exploration Counseling, Instruction in Self-Advocacy, and Counseling on Opportunities for Postsecondary Education. However, there is no language that specifies how the services are to be provided, tracked or reported back to NCBVI in support of the invoices, and as is required in Section 6 of the contract Agreements section. A review of the sample

authorization only identifies Workplace Readiness Training, and neither the invoices nor the supporting documentation were sufficient for NCBVI to determine the extent to which the required activities were provided, or detail necessary to report out expenditures per student per service on the RSA-911 and RSA-2 reports.

RSA discussed throughout the monitoring review the need for NCBVI to ensure that contracts' scopes of works include clear and consistent language, outlining the responsibilities of NCBVI and the CRP/contractor. Such language should include not just identification of each service provided in the contract, but the requirements of the CRP/contractor to track the cost and provision of each service to each individual and submit information sufficient for NCBVI to determine if services are provided in a manner that meets NCBVI's expectations and requirements. The contract language should include programmatic requirements of each service, fiscal requirements for payment, and details to meet reporting requirements on all reports, including the SF-425, RSA-2 and RSA-911, the latter reports requiring the reporting of expenditures per service per individual. NCBVI uses group authorizations generated at the State administrative office, and the review of CRP invoices and vendors are conducted at this level as well, instead of at the district office level by VR Counselors. While NCBVI shared a contracting procedures document, a written policy or procedure for review of supporting documentation submitted by CRPs with invoices is necessary to structure how NCBVI reviews invoices and supporting documentation, whether the documentation meets the contracts standards, and the extent to which the CRP should be paid full, partial or no payment. These standards may be built into the contract provisions.

As described above, there is a lack of internal controls to verify CRP staff member effort spent working on the project, an inability to report costs per service per individual on Federal reports, and no process to ensure agency funds are spent in an allowable manner, which is further limited by the contract monitoring issues identified below. As such, NCBVI cannot assure that it is administering the VR program in a proper and efficient manner and ensuring financial accountability. For these reasons, NCBVI has not complied with the VR program provisions and internal control requirements set forth at 34 C.F.R. §§ 361.3(a) and 361.12, and 2 C.F.R. § 200.302(a) and (b)(4).

### **C. Contract Monitoring**

The Uniform Guidance at 2 C.F.R. § 200.303(c) requires grantees to implement internal controls sufficient to ensure the grantee evaluates and monitors the agency's activities to ensure compliance with Federal requirements. In addition, 2 C.F.R. § 200.328(a) requires NCBVI to be responsible for the oversight of the operations of all grant-supported activities. VR program implementing regulations at 34 C.F.R. § 361.12 require NCBVI 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, NCBVI must monitor and evaluate grant-supported activities to ensure compliance of all activities performed under the VR program. As part of the preparatory monitoring efforts, RSA sent a document request to NCBVI for information related to the monitoring topics in the Monitoring and Technical Assistance Guide. For the request related to contract monitoring, the agency primarily indicated that it

has some processes to review authorizations and invoices. The document request indicated that the agency did not have sufficient policies and procedures for contract monitoring. Discussions with the agency during monitoring and the VR response to the document request confirmed the agency did not have any current samples of completed monitoring at the time of the review. The agency staff acknowledged the need to develop a more robust contract monitoring protocol, and to conduct contract monitoring in a more structured and formal manner, incorporating programmatic elements along with legal and fiscal requirements.

**Conclusion:** NCBVI does not maintain effective internal controls over the Federal awards necessary to provide reasonable assurances that it is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award, as required by 34 C.F.R. §§ 361.3(a) and 361.12, and 2 C.F.R. §§ 200.302 and 200.303. NCBVI did not satisfy the requirements in 34 C.F.R. §§ 361.3 and 361.12, and 2 C.F.R. § 200.302(a) and (b)(4) that require a State’s financial management systems to be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal requirements, and that funds are spent solely on authorized VR activities, because an internal control deficiency exists for developing contracts, monitoring contracts, reviewing and approving invoices and supporting documentation, which does not permit NCBVI to ensure all costs charged to the contracts are reasonable, necessary, allocable and allowable under the VR program, as required by Federal cost principles in Uniform Guidance.

Specifically, NCBVI does not have sufficient policies for establishing rates of payment, generating Federal reports such as the SF-425, RSA-2 or RSA-911, and for completion of PARs and allocation of leave costs. NCBVI does not have mechanisms to monitor and reconcile contracts reimbursed with Federal funds, to ensure that expenditures reported are accurate, allocable and allowable, in accordance with 2 C.F.R. § 200.405, or to track, account and report program and fiscal data for service provision accurately on the RSA-2 or RSA-911 reports.

**Corrective Actions:** RSA requires that NCBVI—

- 3.2.1 In the first quarterly update after approval of the corrective action plan (CAP), develop and implement policies and procedures to—
  - Govern determination of rates of payment for all purchased VR services, including those procured through contracts;
  - Accurately collect and report program and fiscal data on Federal Financial and performance reports, including the SF-425, RSA-17, and RSA-911 reports, which reflect the actual costs per services provided per student receiving required pre-employment transition services activities and other VR services; and
  - Instruct staff regarding procedures for completion of PARs and identify methodologies to allocate leave costs based on a sufficient timeframe that reflects proportionate use and relative benefits received by programs.
- 3.2.2 By the second quarterly update after approval of the CAP, develop or revise (e.g., NCBVI Contracting Procedures), and implement written policies and mechanisms governing the development of contracts to ensure—

- Contracts follow a clear and concise process, consistent with State and Federal requirements, outlining a scope of the specific services the contractor will provide, measurable goals, objectives and expected outcomes, and tracking and reporting requirements of the contractor to ensure NCBVI has data sufficient to meet VR service provision and reporting requirements; and
- Costs for all pre-employment transition services required activities provided through contracts and VR services are allocable and allowable in accordance with 2 C.F.R. § 200.405 and Sections 110(d)(1) and 113 of the Rehabilitation Act; and

3.2.3 By the second quarterly update after approval of the CAP, develop and implement written policies and procedures governing the oversight of the operations of all grant-supported activities, as required by 2 C.F.R. § 200.328(a), particularly with respect to—

- Requiring uniform requirements and tools CRPs/contractors can use to submit expenditures and supporting documentation that accurately tracks non-Federal and Federal activities, and reflects costs and services provided under pre-employment transition services and VR services;
- Contract monitoring steps, schedules and instruments to ensure that programmatic and fiscal performance expectations are achieved, and procedures to identify contractual performance deficiencies and establish corrective action plans for contractors; and
- Staff members' review of invoices prior to and during payment processing including confirmation that supporting documentation sufficiently demonstrates the contractor is meeting the deliverables and requirements of the contract.

**VR Agency Response:** Under current policy, NCBVI maximizes its use of available funding (Title 192 Chapter 1: Scope of Vocational Rehabilitation Services for the Blind and Cost Containment). NCBVI welcomes strategies that will further preserve funds, however, developing uniform rates of payment for every service is not practical or efficient. NCBVI staff provides the majority of direct client services. Services are purchased when staff is not available or when specialized services or expertise is required. Given Nebraska's rural nature, economic conditions differ widely in different parts of the state. Accordingly, there is neither uniform availability of service providers nor a way to standardize rates for service provision. In some areas, service providers incur higher operating expenses, travel greater distances, and are in irregular demand for their services, all of which impact the establishment of reasonable rates. Contracted rates for assistive technology training for the blind, for example, are determined by an analysis of Nebraska market rates, review of private vendor costs (including average wage cost) as well as benchmarking with other state rehabilitation agencies. NCBVI modified its Policy on Rate-Setting and Methodology during the RSA review, clarifying its methodology, and will continue to review and update its contract procedures and internal controls consistent with its commitment to continuous improvement. NCBVI seeks clarification as to the authority upon which the corrective plan for 3.2.3 is based as it could not identify the cited regulation, 2 CFR §200.238(a), and §200.238 appears to restrict federal entities to requiring more than what is supported by federal law.

With respect to instructing staff regarding time sheets (Personal Activity Reports), NCBVI urges RSA to accept cost allocation in lieu of resource-intensive, manual calculations, of leave. In this way, reasonable assurances are met, and resources are preserved for client services.

**RSA Response:** RSA thanks NCBVI for the response and would like to provide further clarification about the finding and corrective action related to policies governing rates of payment for VR services. RSA does not expect NCBVI to establish uniform rates of payment for purchased VR services throughout its statewide network of CRPs and vendors. However, the review identified no written process or procedure outlining how rates are determined and, during the review, NCBVI staff indicated the VR agency often pays the amount the vendor/CRP requests within its vendor application without review, without a process to review the reasonableness of the rate in the application. The finding is predicated on required policies governing rates of payment for purchased VR services. The reference to a uniform process in the finding is not intended to require a fee schedule or singular fee for VR services. Rather, the policy should identify the approach that agency staff implement to determine the reasonableness of VR service rates and uniformly describe a process that all staff can use to establish rates, including those in contracts with CRPs. The policy may describe how to assess factors such as cost of living, experience of staff, and other variables that may result in higher or lower rates for VR services than in other areas, as long as they are reasonable, necessary, allocable, and allowable under the VR program. RSA looks forward to working with NCBVI and reviewing updated policies through the corrective action plan process to resolve this finding.

RSA notes that NCBVI cites Uniform Guidance at 2 CFR § 200.238 in its response but believe this may be a typographical error. The contract monitoring finding and related correction action 3.2.3 include references to 2 CFR § 200.328 (Monitoring and reporting program performance), which indicates the VR agency is responsible for the oversight of the operations of the Federal award supported activities and must monitor its activities to ensure compliance with Federal requirements and that performance expectations are achieved. Since the internal controls related to these requirements are necessary for reviewing and approving payments, meeting financial and programmatic requirements, including reporting data on Federal reports (e.g., RSA-911, SF-425, RSA-17), the corrective actions in 3.2.3 are necessary to ensure compliance with the Federal requirements. RSA looks forward to working with NCBVI to resolve this finding in the corrective action plan process.

**VR Agency Request for Technical Assistance:** Should RSA identify federal regulation that prohibits cost allocation for staff time that is consistent, NCBVI requests technical assistance for developing a time tracking methodology used by other states that is not overly burdensome and impacts direct services.

### **3.3 Maintenance of Effort Reporting**

**Issue:** Whether the VR agency reported all allowable non-Federal expenditures under the VR program on its SF-425 reports, which RSA uses to determine whether the agency satisfied its match and MOE requirements under the VR program.

**Requirement:** Section 101(a)(3) of the Rehabilitation Act requires that the VR services portion of the Unified or Combined State Plan must assure that the State will provide the non-Federal share (21.3 percent) “of **the cost** of carrying out [the VR program]” [emphasis added].

The VR regulations at 34 C.F.R. § 361.60(b) identify the general non-Federal share requirements for the VR program. The regulation at 34 C.F.R. § 361.60(b)(1) requires that non-Federal expenditures made under the VR services portion of the Unified or Combined State Plan to meet the non-Federal share for the VR program must be consistent with the Uniform Guidance at 2 C.F.R. § 200.306(b). Consistent with 2 C.F.R. § 200.306(b)(3) and (4), all non-Federal costs incurred by the VR agency, must be allowable, reasonable, and allocable under the VR program in accordance with 2 C.F.R. §§ 200.403 through 200.405. In addition, all costs must be verifiable (2 C.F.R. § 200.306(b)(1)).

In addition to the match (non-Federal share) requirement, Section 111(a)(2)(B) of the Rehabilitation Act requires the State to satisfy a MOE requirement:

(B) The amount otherwise payable to a State for a fiscal year under this section shall be reduced by the amount by which expenditures from non-Federal sources under the State plan under this title for any previous fiscal year are less than the **total of such expenditures** for the second fiscal year preceding that previous fiscal year [emphasis added].

The VR regulations at 34 C.F.R. § 361.62 reinforce that MOE is calculated based on the total non-Federal expenditures incurred under the VR program:

(a) General requirements. The Secretary reduces the amount otherwise payable to a State for any fiscal year by the amount by which the **total expenditures** from non-Federal sources under the vocational rehabilitation services portion of the Unified or Combined State Plan for any previous fiscal year were less than the **total of those expenditures** for the fiscal year two years prior to that previous fiscal year [emphasis added].

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) under the Randolph-Sheppard Act with Federal VR funds and non-Federal funds used as match purposes for the VR program, specifically: 1) management services and supervision<sup>1</sup> 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 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

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<sup>1</sup> The VR regulations at 34 C.F.R. § 361.49(a)(5)(i) make 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.”

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;<sup>2</sup>
- (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<sup>3</sup>; 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 purposes, including for satisfying match and MOE requirements.

Finally, as a recipient of Federal VR funds, NCBVI assures in its VR services portion of its Combined 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), NCBVI 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. NCBVI’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)).

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<sup>2</sup> 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.”

<sup>3</sup> 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.

**Analysis:** During the monitoring review, RSA and NCBVI reviewed the non-Federal share of expenditures reported on the agency's SF-425 reports for the VR program, which RSA uses to determine whether the State of Nebraska has satisfied the match and MOE requirements under the VR program. While reviewing those reported non-Federal expenditures, RSA and NCBVI also reviewed the sources of non-Federal expenditures, including non-Federal expenditures paid by NCBVI with set-aside funds generated under the Randolph-Sheppard program, as it is allowed to do in its capacity as a State Licensing Agency (SLA) for that program. As part of its review, RSA requested documentation from NCBVI from all of its sources of match. NCBVI submitted documentation that outlined sources of non-Federal expenditures from each of the three years of the review period (FFYs 2017 – 2019). The three sources of funds identified included State appropriations, Randolph-Sheppard set-aside funds, and a private donation from the Enrichment Foundation. Discussions with NCBVI during the review period revealed that NCBVI has only been reporting the State appropriated expenditures as non-Federal share on line 10j of the SF-425, omitting the other sources because the agency indicated they were not necessary to meet the match or MOE for the VR program.

RSA learned that the Enrichment Foundation funds are a private grant received by NCBVI in the amount of \$10,000 each year in FFYs 2017 through 2019. The agency indicated the use of the grant allows for some flexibility on how to spend the money, and therefore the program(s) that would benefit from the expenditures. However, discussions with the agency indicated that over the course of receiving these funds during FFYs 2017 through 2019, the agency spent at least some of the grant funding on VR services but did not report those costs on the SF-425 report as non-Federal share.

As the SLA, NCBVI collects set-aside funds from Randolph-Sheppard vending facilities in the State. NCBVI incurs allowable VR expenditures in accordance with Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) and uses these set-aside funds to pay for allowable costs in categories that count as match under the VR program. However, these costs are not reported as non-Federal share on the VR SF-425 report. As mentioned in the analysis (A.2.) in Finding 3.2, NCBVI did not have formal written reporting policies for RSA to review regarding how NCBVI treats and reports set-aside fund expenditures that qualify as VR non-Federal share.

During and after the review, RSA pursued the issue regarding the non-reporting of non-Federal expenditures incurred with set-aside funds to determine the extent to which NCBVI incurred any expenditures for these costs during the period covered in the review that should have been reported as non-Federal expenses on NCBVI's VR SF-425 reports. As described above, the match summary document provided by NCBVI in preparation for the monitoring identified \$47,783 in FFY 2017, \$23,305 in FFY 2018, and \$22,313 in FFY 2019 under the category of Randolph-Sheppard set-aside expenditures. RSA reviewed the FFY 2019 RSA-15 report to determine how NCBVI reported set-aside expenditures during the year. It was noted that \$16,472 in set-aside expenditures were reported for costs that would qualify as match for the VR program, including expenditures for purchasing new equipment, maintenance of equipment, and management services. RSA noted similar entries on RSA-15 reports for FFYs 2017 and 2018, totaling \$34,586 in FFY 2017 (including \$6,531 in expenditures for initial stocks and supplies from a State-appropriated fund) and \$33,467 in FFY 2018 (including \$6,966 in expenditures for

initial stocks and supplies from a State-appropriated fund). Therefore, there is sufficient reason to establish that NCBVI has spent Randolph-Sheppard set-aside funds for purchasing new equipment, maintenance of equipment, and management services, as well as State-appropriated funds for initial stocks and supplies, all of which were not reported by NCBVI in the total non-Federal expenditures on line 10j of its SF-425 reports for FFYs 2017 through 2019, as they should have been done in accordance with Sections 101(a)(3) and 111(a)(2)(B) of the Rehabilitation Act; 34 C.F.R. §§ 361.12, 361.60(b)(1), and 361.62(a); and 2 C.F.R. § 200.302(a). As a result, these non-Federal expenditures were not included in the calculations, as they should have been, that RSA used to determine whether the State of Nebraska satisfied its match and MOE requirements for FFYs 2017 through 2019.

Allowable expenditures are those that are necessary, reasonable and allocable to the program and that satisfy all programmatic requirements (2 C.F.R. §§ 200.403 through 200.405). Pursuant to 34 C.F.R. § 361.3, funds under the VR program may be used to cover the costs of providing VR services and administering the VR program. VR services include the activities related to the BEP and Randolph-Sheppard vending facilities—the acquisition of facilities and equipment, initial stocks and supplies, initial operating expenses, and management services and supervision (Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5)), as well as maintenance and repair of equipment in order to keep the equipment in efficient operating condition (Uniform Guidance at 2 C.F.R. § 200.452). Therefore, all expenditures incurred for these purposes with Federal VR funds or non-Federal funds are allowable costs incurred by NCBVI while carrying out the VR program, and any non-Federal funds incurred for these purposes (e.g., initial stocks and supplies) must be reported as non-Federal share for the VR program. However, the Randolph-Sheppard regulations make a distinction in the definition of management services for the purposes of the Randolph-Sheppard program 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 Randolph-Sheppard program 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. As a result, NCBVI must report set-aside expenditures only for the following allowable costs incurred by NCBVI while carrying out the VR program: maintenance of equipment; replacement of equipment; the purchase of new equipment; and management services, as non-Federal share for the VR program on Federal reports.

As required by Section 101(a)(3) of the Rehabilitation Act, the State must assure in its VR services portion of its Combined State Plan that it will provide the non-Federal share—21.3 percent—of the cost of carrying out the VR program. This provision makes clear that the non-Federal share requirement is based on “the cost of carrying out” the program, which would be the entire cost of carrying out the VR program—not a partial cost. Therefore, regardless of the fund source, all allowable non-Federal expenditures incurred under the VR program for the BEP in accordance with Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) and in accordance with requirements for the use of set-aside funds as described above, including those paid with set-aside funds for new and replacement equipment, maintenance of equipment,

and management services and supervision consistent with 34 C.F.R. §§ 395.1(j) and 395.9(b), must be reported on line 10j of NCBVI's VR SF-425 reports for its non-Federal expenditures incurred under the VR program. In addition, non-Federal funds that are not set-aside, expended on the acquisition of facilities and equipment, initial stocks and supplies, initial operating expenses, and management services and supervision (Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5)), as well as maintenance and repair of equipment to keep the equipment in efficient operating condition (Uniform Guidance at 2 C.F.R. § 200.452), must also be reported on line 10j of NCBVI's VR SF-425 reports for its non-Federal expenditures incurred under the VR program. PD-15-05 (February 5, 2015), which transmitted the SF-425 and its instructions relevant to the VR program and was in effect at the time of this monitoring activity, makes clear that NCBVI must use Line 10j to “[e]nter the total amount of non-Federal VR expenditures incurred for the reporting period.” Only by NCBVI accurately reporting all non-Federal expenditures that qualify for VR match, including non-Federal and set-aside expenditures, as NCBVI is required to do in accordance with Section 101(a)(3) of the Rehabilitation Act and 34 C.F.R. §§ 361.12 and 361.60(b)(1) and 2 C.F.R. § 200.302(a), will RSA be able to determine, with certainty, that the State has satisfied its match requirement under 34 C.F.R. § 361.60(b).

Furthermore, RSA relies on the total non-Federal expenditures reported by NCBVI on Line 10j of the SF-425 reports to ensure that the State has satisfied its MOE requirement under Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62. Both the statute and its implementing regulation make clear that MOE is determined by comparing the “total” amount of non-Federal expenditures in a particular fiscal year with the “total” amount of non-Federal expenditures from two fiscal years prior to that year. Again, both the statute and regulation make clear that MOE is based on the total amount of non-Federal expenditures, not just a partial amount. Therefore, NCBVI must report all non-Federal expenditures incurred under the VR program, including new and replacement equipment, maintenance of equipment, and management services and supervision paid with BEP set-aside funds or State appropriated funds, on Line 10j of its SF-425 reports for purposes of the VR program. Only by NCBVI accurately reporting all set-aside expenditures allowable for match, as NCBVI is required to do in accordance with Section 101(a)(3) of the Rehabilitation Act and 34 C.F.R. §§ 361.12 and 361.60(b)(1) and 2 C.F.R. § 200.302(a), will RSA be able to determine, with certainty, whether the State satisfied its MOE requirement under Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62.

**Conclusion:** For the reasons described above, RSA finds that NCBVI did not report all of its non-Federal expenditures on its SF-425 reports, particularly VR expenditures with Enrichment Foundation funds, as well as expenditures incurred under the Randolph-Sheppard program for new and replacement equipment, maintenance of equipment, and management services paid with Randolph-Sheppard set-aside funds, and State-appropriated funds that paid for initial stocks and supplies, in FFYs 2017 through 2019, as it was required to do pursuant to 34 C.F.R. § 361.12 and 2 C.F.R. § 200.302 and consistent with the instructions for completing Line 10j as set forth in PD-15-05. As a result, RSA has not been able to determine, with certainty, whether the State of Nebraska has met its match and MOE requirements under the VR program for the period covered by this review.

**Corrective Actions** RSA requires that NCBVI—

- 3.3.1 Revise and implement policies and procedures related to tracking and reporting expenditures from all non-Federal sources to ensure that NCBVI correctly accounts for and reports all such allowable VR program expenditures, particularly those non-Federal expenditures paid with set-aside funds for new and replacement equipment, maintenance of equipment, and management services and supervision of vending facilities (as well as initial operating expenses in the initial establishment period when paid with non-Federal funds such as State-appropriated funds), so that RSA has the requisite data to determine whether the State has satisfied its VR program match and MOE requirements;
- 3.3.2 Review non-Federal expenditures related to the Enrichment Foundation donations in addition to Randolph-Sheppard set-aside funds and State appropriated funds spent on activities that benefit the VR program, to identify the amount allocable to FFYs 2017 through 2019;
- 3.3.3 Revise SF-425 reports for the period covered by this monitoring activity (FFYs 2017 – FFY 2019), as applicable, to reflect an accurate total amount of all non-Federal expenditures and ensure an accurate reporting of all non-Federal expenditures, regardless of the source. RSA will review the revised SF-425 reports to determine whether the State met its match and MOE requirement for the affected fiscal years and will take further action, if needed, to remedy any deficits; and
- 3.3.4 Ensure that SF-425 reports for all subsequent Federal fiscal years will include a complete and accurate total of all non-Federal expenditures incurred under the VR program, specifically with respect to those expenditures paid with private donations, Randolph-Sheppard set-aside funds, and State-appropriated funds on activities that benefit the VR program.

**VR Agency Response:** NCBVI will continue to track and report all VR funds and continue to modify policies and procedures as needed. The agency does not intend to address, in its VR policies, donations and set-aside funds that are not used for VR. Donations from the Enrichment Foundation, restricted to only residents of Douglas and Sarpy counties in Nebraska, were not used as match and were spent on items outside of the VR and Supported Employment programs, primarily for the benefit of individuals in the independent living program. NCBVI has reviewed the purchases made with the donation, as required, and determined that no amount is allocable to federal fiscal years 2017-19 and that the State has satisfied its VR program match and MOE requirements. While the report suggests that NCBVI has not reported funds, we welcome more detail such as the estimated amount of funds with which RSA found concerns.

With respect to the use of set-aside funds, NCBVI did include the share of vendors' income to match federal funds. Use of such funds could jeopardize the MOE since income is not stable particularly during the pandemic when businesses have been dramatically impacted. NCBVI looks forward to the guidance that RSA has indicated it will be providing to States. With the additional information, NCBVI has reviewed the SF-425 reports 2017 to present, and has confirmed that 2017 and 2018 are correct, but 2019 will need to be corrected. NCBVI will continue to report all funds, regardless of source, used for VR.

**RSA Response:** RSA thanks NCBVI for this response. RSA acknowledges the level of flexibility that the Enrichment Foundation funds provide, however, during the review NCBVI staff indicated that some of the funds were spent on allowable VR activities. RSA does not intend for NCBVI to revise policies for non-Federal sources of programs outside of the VR or Supported Employment programs as part of this review. However, the policies that are pertinent to VR and Supported Employment must ensure that all allowable non-Federal expenditures that benefit the programs are tracked, accounted and reported on Federal reports. As part of the corrective action plan process, NCBVI may provide supporting documentation that demonstrates the accounting of the donations during FFYs 2017 through 2019 to demonstrate the use of such funds. Additionally, this process will include a review of the set-aside expenditures to ensure accurate reporting of non-Federal share for FFYs 2017 through 2019. Since NCBVI has not introduced any supporting documentation or new information in its response, the finding stands as written. RSA looks forward to working with NCBVI and reviewing supporting documentation it may provide to resolve the finding through the corrective action plan process and accurately revise non-Federal share data on VR SF-425 reports.

**VR Agency Request for Technical Assistance:** NCBVI requests technical assistance regarding the use of set-aside funds.

# **APPENDIX A: STATE VOCATIONAL REHABILITATION SERVICES AND STATE SUPPORTED EMPLOYMENT SERVICES PROGRAMS PERFORMANCE TABLES**

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Table 1— NE-B Agency Profile (PYs 2017-2019)

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

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

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

Table 6— NE-B VR Services Provided to Participants (PYs 2017-2019)

Table 7— NE-B 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— NE-B 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— NE-B 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— NE-B Number of Participants Who Exited with Competitive Integrated Employment or Supported Employment by the Most Frequent SOC Title (PYs 2017-2019)

Table 11— NE-B 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— NE-B Number and Percentage of Required Pre-Employment Transition Services Provided (PYs 2017-2019)

**Table 1— NE-B VR Agency Profile (PYs 2017-2019)**

<b>VR Agency Profile Data</b>	<b>PY 17 Number/Percentage</b>	<b>PY 18 Number/Percentage</b>	<b>PY 19 Number/Percentage</b>
Employment Rate	27.0%	38.0%	40.2%
Number of Participants Exiting in Competitive Integrated Employment or Supported Employment	44	41	39
Measurable Skill Gains Performance Indicator	51.3%	55.9%	67.0%
Percentage of Participants Eligible for Measurable Skill Gains	46.4%	54.2%	43.2%
Percentage of Timely Eligibility Determinations	100.0%	95.5%	94.1%
Percentage of Eligibility Determination Extensions	6.0%	5.3%	1.0%
Percentage of Timely IPE Development	95.0%	94.7%	95.6%
Number of Applicants	169	150	109
Number of Individuals Determined Eligible	145	133	102
Number of Individuals with an IPE and No VR Services Provided	-	-	-
Number of Participants (with an IPE and VR Services Provided)	138	115	456

**Table 3— NE-B Number and Percentage of Participants Served by Primary Disability Type (PYs 2017-2019)**

<b>Primary Disability Type by Group</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Visual	490	97.2%	432	94.7%	428	93.9%
Auditory or Communicative	14	2.8%	24	5.3%	28	6.1%
Physical	-	0.0%	-	0.0%	-	0.0%
Cognitive	-	0.0%	-	0.0%	-	0.0%
Psychological or Psychosocial	-	0.0%	-	0.0%	-	0.0%

<b>Detailed Primary Disability Type</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Blindness	344	68.3%	301	66.0%	283	62.1%
Other Visual Impairments	146	29.0%	131	28.7%	145	31.8%
Deafness, Primary Communication Visual	-	0.0%	-	0.0%	-	0.0%
Deafness, Primary Communication Auditory	-	0.0%	-	0.0%	-	0.0%
Hearing Loss, Primary Communication Visual	-	0.0%	-	0.0%	-	0.0%
Hearing Loss, Primary Communication Auditory	-	0.0%	-	0.0%	-	0.0%
Other Hearing Impairments (Tinnitus, Meniere's Disease, hyperacusis, etc.)	-	0.0%	-	0.0%	-	0.0%
Deaf-Blindness	14	2.8%	24	5.3%	28	6.1%
Communicative Impairments (expressive/receptive)	-	0.0%	-	0.0%	-	0.0%
Mobility Orthopedic/Neurological Impairments	-	0.0%	-	0.0%	-	0.0%
Manipulation/Dexterity Orthopedic/Neurological Impairments	-	0.0%	-	0.0%	-	0.0%
Both Mobility and Manipulation/Dexterity Orthopedic/Neurological Impairments	-	0.0%	-	0.0%	-	0.0%
Other Orthopedic Impairments (e.g., limited range of motion)	-	0.0%	-	0.0%	-	0.0%
Respiratory Impairments	-	0.0%	-	0.0%	-	0.0%
General Physical Debilitation (e.g., fatigue, weakness, pain, etc.)	-	0.0%	-	0.0%	-	0.0%
Other Physical Impairments (not listed above)	-	0.0%	-	0.0%	-	0.0%
Cognitive Impairments (e.g., impairments involving	-	0.0%	-	0.0%	-	0.0%

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
learning, thinking, processing information and concentration)						
Psychosocial Impairments (e.g., interpersonal and behavioral impairments, difficulty coping)	-	0.0%	-	0.0%	-	0.0%
Other Mental Impairments	-	0.0%	-	0.0%	-	0.0%

**Table 4— NE-B 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	197	139	116

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	14	7.10%	12	8.60%	8	6.90%
Individual exited during or after a trial work experience	-	0.00%	-	0.00%	-	0.00%
Individual exited after eligibility, but from an order of selection waiting list	-	0.00%	1	0.70%	2	1.70%
Individual exited after eligibility, but prior to a signed IPE	12	6.10%	10	7.20%	8	6.90%
Individual exited after an IPE without an employment outcome	119	60.40%	67	48.20%	58	50.00%
Individual exited after an IPE in noncompetitive and/or nonintegrated employment	-	0.00%	-	0.00%	-	0.00%
Individual exited after an IPE in competitive and integrated employment or supported employment	44	22.30%	41	29.50%	39	33.60%
Individual exited as an applicant after being determined ineligible for VR services	8	4.10%	8	5.80%	-	0.00%
Potentially eligible individual exited after receiving pre-employment transition services and has not applied for VR services	-	0.00%	-	0.00%	1	0.90%

<b>Supported Employment</b>	<b>PY 17 Number of Participants</b>	<b>PY 18 Number of Participants</b>	<b>PY 19 Number of Participants</b>
Number of Participants Who Exited with a Supported Employment Outcome in Competitive Integrated Employment	4	2	0
Number of Participants Who Exited with a Supported Employment Outcome in Noncompetitive and/or Nonintegrated Employment	-	-	-

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

<b>Reason for Exit</b>	<b>PY 17 Number of Individuals</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Individuals</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Individuals</b>	<b>PY 19 Percent</b>
Individual is No Longer Available for Services Due to Residence in an Institutional Setting Other Than a Prison or Jail	1	0.50%	-	0.00%	-	0.00%
Health/Medical	13	6.60%	7	5.00%	5	4.30%
Death of Individual	6	3.00%	1	0.70%	1	0.90%
Reserve Forces Called to Active Duty	-	0.00%	-	0.00%	-	0.00%
Foster Care	1	0.50%	-	0.00%	-	0.00%
Ineligible after determined eligible	1	0.50%	3	2.20%	-	0.00%
Criminal Offender	-	0.00%	-	0.00%	-	0.00%
No Disabling Condition	8	4.10%	5	3.60%	4	3.40%
No Impediment to Employment	1	0.50%	1	0.70%	1	0.90%
Does Not Require VR Service	3	1.50%	6	4.30%	5	4.30%
Disability Too Significant to Benefit from Service	1	0.50%	4	2.90%	1	0.90%
No Long Term Source of Extended Services Available	-	0.00%	2	1.40%	-	0.00%
Transferred to Another Agency	10	5.10%	4	2.90%	6	5.20%
Achieved Competitive Integrated Employment Outcome	44	22.30%	41	29.50%	39	33.60%
Extended Employment	-	0.00%	-	0.00%	-	0.00%
Extended Services Not Available	-	0.00%	-	0.00%	-	0.00%
Unable to Locate or Contact	40	20.30%	20	14.40%	11	9.50%
No Longer Interested in Receiving Services or Further Services	41	20.80%	31	22.30%	36	31.00%
All Other Reasons	27	13.70%	14	10.10%	7	6.00%
Number of Individuals Who Exited the VR Program	197		139		116	

**Table 6— NE-B VR Services Provided to Participants (PYs 2017-2019)**

	<b>PY 17</b>	<b>PY 18</b>	<b>PY 19</b>
Total Number of Participants Who Received VR Services	504	456	456

<b>Training Services Provided to Participants</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Graduate Degree Training	12	2.40%	12	2.60%	9	2.00%
Bachelor Degree Training	25	5.00%	23	5.00%	26	5.70%
Junior or Community College Training	11	2.20%	19	4.20%	20	4.40%
Occupational or Vocational Training	12	2.40%	6	1.30%	5	1.10%
On-the-Job Training	1	0.20%	6	1.30%	2	0.40%
Apprenticeship Training	-	0.00%	-	0.00%	-	0.00%
Basic Academic Remedial or Literacy Training	-	0.00%	-	0.00%	-	0.00%
Job Readiness Training	66	13.10%	51	11.20%	37	8.10%
Disability Related Skills Training	124	24.60%	87	19.10%	64	14.00%
Miscellaneous Training	4	0.80%	-	0.00%	-	0.00%
Randolph-Sheppard Entrepreneurial Training	9	1.80%	5	1.10%	7	1.50%
Customized Training	-	0.00%	-	0.00%	-	0.00%

<b>Career Services Provided to Participants</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Assessment	35	6.90%	29	6.40%	15	3.30%
Diagnosis and Treatment of Impairment	10	2.00%	9	2.00%	3	0.70%
Vocational Rehabilitation Counseling and Guidance	50	9.90%	158	34.60%	246	53.90%
Job Search Assistance	47	9.30%	55	12.10%	86	18.90%
Job Placement Assistance	15	3.00%	12	2.60%	17	3.70%
Short-Term Job Supports	6	1.20%	3	0.70%	2	0.40%
Supported Employment Services	5	1.00%	1	0.20%	-	0.00%
Information and Referral Services	78	15.50%	86	18.90%	225	49.30%
Benefits Counseling	44	8.70%	8	1.80%	10	2.20%
Customized Employment Services	-	0.00%	-	0.00%	2	0.40%
Extended Services (for youth with the most significant disabilities)	3	0.60%	14	3.10%	17	3.70%

<b>Other Services Provided to Participants</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Transportation	133	26.40%	120	26.30%	113	24.80%
Maintenance	90	17.90%	61	13.40%	89	19.50%
Rehabilitation Technology	213	42.30%	164	36.00%	125	27.40%
Personal Attendant Services	-	0.00%	-	0.00%	-	0.00%
Technical Assistance Services	6	1.20%	3	0.70%	6	1.30%
Reader Services	6	1.20%	6	1.30%	6	1.30%
Interpreter Services	6	1.20%	8	1.80%	5	1.10%
Other Services	52	10.30%	42	9.20%	49	10.70%

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

<b>Number of Measurable Skill Gains Earned and Number of Participants Earning Measurable Skill Gains</b>	<b>PY 17</b>	<b>PY 18</b>	<b>PY 19</b>
Measurable Skill Gains Earned	137	161	163
Participants Who Earned a Measurable Skill Gains	120	138	132

<b>Number of Measurable Skill Gains Types</b>	<b>PY 17</b>	<b>PY 18</b>	<b>PY 19</b>
Educational Functioning Level	1	-	1
Secondary Diploma	53	70	79
Postsecondary Transcript/Report Card	49	53	43
Training Milestone	23	35	39
Skills Progression	11	3	1

**Table 8— NE-B 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)**

<b>Median Hourly Earnings and Hours Worked per Week at Exit</b>	<b>PY 17</b>	<b>PY 18</b>	<b>PY 19</b>
Number of Participants Who Exited in Competitive and Integrated Employment or Supported Employment	44	41	39
Median Hourly Earnings at Exit	\$11.67	\$12.90	\$14.03
Median Hours Worked per Week at Exit	35	40	40

<b>Primary Source of Support at Exit</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Personal Income	31	70.50%	31	75.60%	31	79.50%
Family and Friends	4	9.10%	1	2.40%	2	5.10%
Public Support	9	20.50%	9	22.00%	6	15.40%
Other Sources	-	0.00%	-	0.00%	-	0.00%

<b>Public Support at Exit</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Social Security Disability Insurance (SSDI) at Exit	14	31.80%	13	31.70%	14	35.90%
Supplemental Security Income (SSI) for the Aged, Blind, or Disabled at Exit	9	20.50%	8	19.50%	5	12.80%
Temporary Assistance for Needy Families (TANF) at Exit	-	0.00%	-	0.00%	-	0.00%
General Assistance (State or local government) at Exit	1	2.30%	-	0.00%	-	0.00%
Veterans' Disability Benefits at Exit	-	0.00%	-	0.00%	1	2.60%
Workers' Compensation at Exit	-	0.00%	-	0.00%	-	0.00%
Other Public Support at Exit	2	4.50%	2	4.90%	4	10.30%

<b>Medical Insurance Coverage at Exit</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Percent</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Percent</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Percent</b>
Medicaid at Exit	13	29.50%	8	19.50%	6	15.40%
Medicare at Exit	9	20.50%	13	31.70%	9	23.10%
State or Federal Affordable Care Act Exchange at Exit	2	4.50%	-	0.00%	-	0.00%
Public Insurance from Other Sources at Exit	-	0.00%	-	0.00%	-	0.00%
Private Insurance Through Employer at Exit	16	36.40%	15	36.60%	18	46.20%
Not Yet Eligible for Private Insurance Through Employer at Exit	3	6.80%	1	2.40%	1	2.60%
Private Insurance Through Other Means at Exit	7	15.90%	7	17.10%	8	20.50%

**Table 9— NE-B 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)**

<b>PY 17 SOC Title</b>	<b>PY 17 Number of Participants</b>	<b>PY 17 Median Hourly Earnings</b>
Office and Administrative Support Occupations	11	\$12.30
Food Preparation and Serving Related Occupations	5	\$9.88
Healthcare Support Occupations	4	\$10.00
Education, Training, and Library Occupations	4	\$26.90
Arts, Design, Entertainment, Sports, and Media Occupations	3	\$10.93
Computer and Mathematical Occupations	2	\$22.60
Business and Financial Operations Occupations	2	\$18.75
Sales and Related Occupations	2	\$9.25
Installation, Maintenance, and Repair Occupations	2	\$10.75
Management Occupations	2	\$25.00
Healthcare Practitioners and Technical Occupations	1	\$30.00
Randolph-Sheppard vending facility operator	1	\$10.00
Personal Care and Service Occupations	1	\$9.00
Community and Social Services Occupations	1	\$13.33
Randolph-Sheppard vending facility clerk	1	\$11.54
Life, Physical, and Social Science Occupations	1	\$10.00

<b>PY 18 SOC Title</b>	<b>PY 18 Number of Participants</b>	<b>PY 18 Median Hourly Earnings</b>
Office and Administrative Support Occupations	9	\$12.90
Production Occupations	4	\$11.70
Randolph-Sheppard vending facility operator	4	\$11.25
Education, Training, and Library Occupations	4	\$15.00
Business and Financial Operations Occupations	3	\$35.34
Personal Care and Service Occupations	3	\$9.50
Community and Social Services Occupations	2	\$23.08
Healthcare Practitioners and Technical Occupations	2	\$25.38
Food Preparation and Serving Related Occupations	1	\$12.51
Constructive and Extraction Occupations	1	\$10.50
Transportation and Material Moving Occupations	1	\$9.50
Installation, Maintenance, and Repair Occupations	1	\$17.69
Building and Grounds Cleaning and Maintenance Occupations	1	\$17.50
Legal Occupations	1	\$24.58
Sales and Related Occupations	1	\$13.55
Management Occupations	1	\$11.54
Architecture and Engineering Occupations	1	\$36.00
Computer and Mathematical Occupations	1	\$19.00

<b>PY 19 SOC Title</b>	<b>PY 19 Number of Participants</b>	<b>PY 19 Median Hourly Earnings</b>
Office and Administrative Support Occupations	6	\$20.49
Community and Social Services Occupations	5	\$23.08
Randolph-Sheppard vending facility operator*	4	\$9.50
Management Occupations	4	\$19.23
Healthcare Support Occupations	4	\$11.73
Arts, Design, Entertainment, Sports, and Media	3	\$16.00
Production Occupations	2	\$12.00
Healthcare Practitioners and Technical Occupations	2	\$26.54
Food Preparation and Serving Related Occupations	2	\$10.63
Education, Training, and Library Occupations	1	\$9.50
Personal Care and Service Occupations	1	\$12.00
Building and Grounds Cleaning and Maintenance	1	\$13.00
Computer and Mathematical Occupations	1	\$25.96
Installation, Maintenance, and Repair Occupations	1	\$6.25
Legal Occupations	1	\$31.83
Transportation and Material Moving Occupations	1	\$11.50

**Table 10— NE-B 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	Customer Service Representatives	4	\$12.35
2	Dishwashers	2	\$9.75
3	Healthcare Support Workers, All Other	2	\$15.00
4	Cashiers	2	\$9.25
5	Education Teachers, Postsecondary	2	\$26.90
6	Coin, Vending, and Amusement Machine Servicers and Repairers	1	\$9.00
7	Teacher Assistants	1	\$10.95
8	Library Assistants, Clerical	1	\$9.00
9	Cooks, All Other	1	\$10.00
10	General and Operations Managers	1	\$11.79

No.	PY 18 SOC Title	PY 18 Number of Participants	PY 18 Median Hourly Earnings
1	Randolph-Sheppard Vending Facility Operator	4	\$11.25
2	Customer Service Representatives	3	\$12.90
3	Elementary school teacher	2	\$30.44
4	Assemblers and fabricators	2	\$12.35
5	General and Operations Managers	1	\$11.54
6	Business operations specialists	1	\$29.81
7	Accountants and auditors	1	\$40.87
8	Financial specialist	1	\$26.92
9	Database administrator	1	\$19.00
10	Cartographers and Photogrammetrists	1	\$36.00

No.	PY 19 SOC Title	PY 19 Number of Participants	PY 19 Median Hourly Earnings
1	Customer Service Representatives	3	\$12.90
2	Assemblers and Fabricators, All Other	2	\$12.35
3	Elementary School Teachers, Except Special Education	2	\$15.00
4	Laundry and Dry-Cleaning Workers	1	\$9.43
5	Human Resources Assistants, Except Payroll and Timekeeping	1	\$14.00
6	Accountants and Auditors	1	\$40.87
7	Childcare Workers	1	\$9.50
8	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	1	\$17.50
9	Combined Food Preparation and Serving Workers, Including Fast Food	1	\$12.51
10	Business Operations Specialists, All Other	1	\$29.81

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

<b>Students with Disabilities</b>	<b>PY 17 Number/Percentage of Students</b>	<b>PY 18 Number/Percentage of Students</b>	<b>PY 19 Number/Percentage of Students</b>
Total Students with Disabilities Reported	158	148	152
Students with Disabilities Reported with 504 Accommodation	3	3	2
Students with Disabilities Reported with IEP	135	107	113
Students with Disabilities Reported without 504 Accommodation or IEP	43	40	45
Total Students with Disabilities Who Received a Pre-Employment Transition Service	72	95	100
Potentially Eligible Students with Disabilities Who Received a Pre-Employment Transition Service	0	0	1
Students with Disabilities, Who Applied for VR Services, and Received a Pre-Employment Transition Service	72	95	99
Percentage of Students with Disabilities Reported Who Received a Pre-Employment Transition Service	45.60%	64.20%	65.80%

**Table 12— NE-B Number and Percentage of Required Pre-Employment Transition Services Provided (PYs 2017-2019)**

<b>Pre-Employment Transition Services</b>	<b>PY 17 Number of Pre-Employment Transition Services Provided</b>	<b>PY 17 Percent of Total Pre-Employment Transition Services Provided</b>	<b>PY 18 Number of Pre-Employment Transition Services Provided</b>	<b>PY 18 Percent of Total Pre-Employment Transition Services Provided</b>	<b>PY 19 Number of Pre-Employment Transition Services Provided</b>	<b>PY 19 Percent of Total Pre-Employment Transition Services Provided</b>
Total Pre-Employment Transition Services Provided	390		455		718	
Job Exploration Counseling	44	11.30%	38	8.40%	50	7.00%
Work-Based Learning Experiences	69	17.70%	61	13.40%	70	9.70%
Counseling on Enrollment Opportunities	46	11.80%	89	19.60%	116	16.20%
Workplace Readiness Training	153	39.20%	149	32.70%	376	52.40%
Instruction in Self-Advocacy	78	20.00%	118	25.90%	106	14.80%

## APPENDIX B: FISCAL DATA TABLES

**Fiscal Table 1—Nebraska-Blind (NE-B) VR Resources and Expenditures—FFYs 2017–2019\***

VR Resources and Expenditures	2017	2018	2019*
Total program expenditures	\$3,772,542	\$4,237,036	\$1,889,676
Federal expenditures	2,824,605	\$3,217,211	\$782,736
State agency expenditures (4 <sup>th</sup> quarter)	\$947,489	\$1,031,600	\$1,106,940
State agency expenditures (latest/final)	\$947,937	\$1,019,825	\$1,106,940
Federal formula award amount	\$2,739,075	\$2,815,036	\$2,876,649
Reserve amount required for pre-employment transition services (15 percent)	\$423,691	\$482,582	\$613,494
Amount expended on pre-employment transition services	\$0	\$482,581	\$482,581
Percentage expended on pre-employment transition services	0.0%	100%	78.7%
MOE penalty from prior year	\$0	\$0	\$0
Federal award amount relinquished during reallocation	\$0	\$0	\$0
Federal award amount received during reallocation	\$ 85,530	\$402,175	\$1,213,314
Federal funds transferred from State VR agency	\$0	\$0	\$0
Federal funds transferred to State VR agency	\$0	\$0	\$0
Federal award amount (net)	\$2,824,605	\$3,217,211	\$4,089,963
Federal award funds deobligated	\$0	\$0	\$0
Federal award funds used	\$2,824,605	\$3,217,211	\$4,089,963
Percent of formula award amount used	103.1%	114.3%	142.2%
Federal award funds matched but not used	\$0	\$0	\$-2

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

**Fiscal Table 1—Nebraska-Blind - VR Resources and Expenditures—Descriptions, Sources and Formulas**

<b>VR Resources and Expenditures</b>	<b>Source/Formula</b>
Total program expenditures	The sum of the Federal and non-Federal expenditures. <b>Source/Formula:</b> MTAG Appendix F--Table V.1: Federal expenditures plus State expenditures (latest/final)
Federal expenditures	The cumulative amount of disbursements from Federal funds. <b>Source/Formula:</b> SF-425 line 10e from latest/final report
State expenditures (4 <sup>th</sup> quarter)	The cumulative amount of disbursements and unliquidated obligations from State funds through September 30 <sup>th</sup> of the award period. <b>Source/Formula:</b> SF-425 line 10j from 4 <sup>th</sup> 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. <b>Source/Formula:</b> 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. <b>Formula/Source:</b> 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. <b>Formula/Source:</b> (((((SF-425 line 10j lesser of the 4 <sup>th</sup> quarter or latest/final) divided by .213) multiplied by .787) multiplied by .15) or (4 <sup>th</sup> 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. <b>Formula/Source:</b> 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. <b>Formula/Source:</b> Amount expended on pre-employment transition services divided by (((SF-425 line 10j lesser of the 4 <sup>th</sup> quarter or latest/final) divided by .213) multiplied by .787) or (4 <sup>th</sup> 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. <b>Source/Formula:</b> MTAG Appendix F--Table V.2: MOE difference from prior year
Federal award amount relinquished during reallocation	Amount of Federal award voluntarily relinquished through the reallocation process. <b>Formula/Source:</b> RSA-692

<b>VR Resources and Expenditures</b>	<b>Source/Formula</b>
Federal award received during reallocation	Amount of funds received through the reallocation process. <b>Source/Formula:</b> RSA-692
Federal funds transferred from State VR agency	Amount of award funds transferred from State VR agencies (Blind to General or General to Blind). <b>Formula/Source:</b> 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). <b>Formula/Source:</b> Agency transfer request documentation
Federal award amount (net)	Federal award amount available after accounting for adjustments to award (e.g., MOE penalties, relinquishment, reallocation and transfers). <b>Formula/Source:</b> Federal formula award calculation, RSA-692, agency documentation, SF-425: Federal formula calculation minus MOE penalty minus funds relinquished in reallocation plus funds received in reallocation 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. <b>Source/Formula:</b> Agency deobligation request documentation, G5 closeout reports
Federal award funds used	Amount of Federal award funds expended. <b>Source/Formula:</b> Federal formula calculation, RSA-692, agency documentation, SF-425 lesser of the 4 <sup>th</sup> 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. <b>Source/Formula:</b> 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. <b>Source/Formula:</b> MTAG Appendix F—Table V.2 Federal award funds matched (actual) minus Table V.1 Federal award funds used

**Fiscal Table 2—Nebraska-Blind (NE-B) Non-Federal Share and Maintenance of Effort—  
FFYs 2017–2019\***

<b>Non-Federal Share (Match) and Maintenance of Effort (MOE)</b>	<b>2017</b>	<b>2018</b>	<b>2019*</b>
Match required per net award amount	\$764,474	\$870,732	\$1,106,940
Match provided (actual)	\$947,489	\$1,019,825	\$1,106,940
Match difference**	\$-183,015	\$-149,093	\$0
Federal funds matched (actual)	\$2,824,605	\$3,217,211	\$4,089,961
Percent Federal funds matched	100.0%	100.0%	100.0%
MOE required	\$947,079	\$951,429	\$947,489
MOE: Establishment/construction expenditures	\$0	\$0	\$0
MOE actual	\$947,489	\$1,019,825	\$1,106,940
MOE difference**	\$-410	\$-68,396	\$-159,451

\* 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—Nebraska-Blind - Non-Federal Share and Maintenance of Effort—  
Descriptions, Sources and Formulas**

<b>Non-Federal Share (Match) and Maintenance of Effort (MOE)</b>	<b>Source/Formula</b>
Match required per net award amount	Non-Federal funds required based upon the net amount of the Federal award. <b>Source/Formula:</b> (MTAG Appendix F—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. <b>Source/Formula:</b> SF-425 line 10j lesser of the 4 <sup>th</sup> 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. <b>Source/Formula:</b> SF-425 lesser of the 4 <sup>th</sup> 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. <b>Source/Formula:</b> (Match provided actual divided by .213) multiplied by .787
Percent of Federal funds matched	Percent of Federal funds matched. <b>Source/Formula:</b> 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. <b>Source/Formula:</b> SF-425 4 <sup>th</sup> 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. <b>Source/Formula:</b> SF-425 latest/final report: line 12a
MOE actual	Non-Federal share provided by agency minus establishment/construction expenditures for CRPs. <b>Source/Formula:</b> SF-425: Match provided actual minus establishment/construction expenditures.
MOE difference**	The difference between MOE required and the actual MOE provided. <b>Source/Formula:</b> MOE required minus MOE actual

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

**Fiscal Table 3—Nebraska-Blind (NE-B) Program Income and 4<sup>th</sup> Quarter Data—FFYs 2017–2019\***

<b>Program Income and Carryover</b>	<b>2017</b>	<b>2018</b>	<b>2019*</b>
Program income received	\$672,275	\$684,975	\$319,476
Program income disbursed	\$672,275	\$684,975	\$319,476
Program income transferred	\$0	\$ 49,618	\$0
Program income used for VR program	\$672,275	\$635,357	\$319,476
Federal grant amount matched (4 <sup>th</sup> quarter)	\$2,824,605	\$3,217,211	\$4,089,961
Federal expenditures (4 <sup>th</sup> quarter)	\$974,779	\$1,146,748	\$782,736
Federal unliquidated obligations (4 <sup>th</sup> quarter)	\$0	\$0	\$0

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

**Fiscal Table 3—Nebraska-Blind - Program Income and 4<sup>th</sup> 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. <b>Source/Formula:</b> SF-425 latest/final line 10l
Program income disbursed	Amount of Federal program income disbursed, including transfers. <b>Source/Formula:</b> SF-425 latest/final: line 10m plus line 10n
Program income transferred	Amount of Federal program income transferred to other allowable programs. <b>Source/Formula:</b> 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. <b>Source/Formula:</b> SF-425 latest/final: Program income expended minus program income transferred
Federal grant amount matched (4 <sup>th</sup> quarter)	Federal funds an agency is able to draw down based upon on reported non-Federal reported on the 4 <sup>th</sup> quarter SF-425 for the FFY of appropriation, not to exceed net award amount. <b>Source/Formula:</b> MTAG Appendix F—Table V.2 Federal funds matched actual
Federal expenditures (4 <sup>th</sup> quarter)	Federal funds expended as reported on the 4 <sup>th</sup> quarter SF-425 for the FFY of appropriation. This does not include unliquidated obligations. <b>Source/Formula:</b> SF-425 4 <sup>th</sup> quarter: line 10e
Federal unliquidated obligations (4 <sup>th</sup> quarter)	Federal funds obligated but not liquidated as reported on the 4 <sup>th</sup> quarter SF-425 for the FFY of appropriation. <b>Source/Formula:</b> SF-425 4 <sup>th</sup> quarter: line 10f