

**FEDERAL FISCAL YEAR 2022
MAINE DIVISION OF VOCATIONAL
REHABILITATION
CORRECTIVE ACTION PLAN REVIEW
FOR THE
VOCATIONAL REHABILITATION
AND
SUPPORTED EMPLOYMENT PROGRAMS**



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

September 12, 2022

SECTION 1: THE SCOPE OF THE REVIEW

A. Background

A corrective action plan (CAP) is a step-by-step plan of action that is developed to achieve targeted outcomes for resolution of identified monitoring findings. Within 45 calendar days from the issuance of the publication of its final report, the vocational rehabilitation (VR) agency submits for the Rehabilitation Services Administration (RSA) review and approval a CAP to address findings identified through the monitoring process to improve the VR agency's compliance and employment outcomes.

RSA, in collaboration with the VR agency to the extent possible, identifies target dates by which specific corrective action steps will be completed dependent on the specific facts related to each finding. In most instances, corrective actions should be completed within nine months following the approval of the CAP. In accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) located at 2 C.F.R. § 200.303(d), VR agencies must "take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings." To facilitate the VR agency's development of the CAP and to promote consistency in the information contained in the plan, all CAPs are reviewed, approved, and tracked by the RSA State team.

The content of the CAP must include—

- Statement of programmatic or fiscal findings consistent with the final report;
- Steps the VR agency will take to correct the finding(s), including what steps will be implemented and how they will be implemented;
- Timelines for completion of steps;
- Person responsible for ensuring corrective action step is completed; and
- The evidence of success; that is, what evidence will be submitted to demonstrate systemic correction of the identified issue(s).

The review team transmits instructions to the VR agency for the submission of its CAP on the approved CAP form. The VR agency uses the CAP form to provide quarterly progress reports on implementing the CAP. The agency's State Liaison notifies the VR agency once RSA approves the CAP.

The first CAP progress report is due to the State Liaison no later than 30 calendar days after the end of the first full quarter following the approval of the CAP, and then 30 calendar days after each subsequent quarter is concluded, until all corrective actions are completed and the CAP is retired. Following monitoring and implementation of corrective actions, at a defined interval (e.g., two years), where appropriate, RSA may contact the agency to determine if additional technical assistance is required.

VR agencies are required to make substantive progress toward the resolution of all findings within the required timelines. In the event an agency does not make progress toward compliance through the approved CAP, RSA, at its discretion, may require the agency to take additional

steps including, but not limited to, revising the CAP steps, timeline, target dates, etc. Depending on the nature of the findings, RSA may take additional enforcement action including assigning specific conditions to the VR grantee's award(s) or designating the grant as high risk. In accordance with U.S. Department of Education (Department) policy, RSA may not close out a grant award in compliance until ALL corrective actions have been successfully resolved.

B. Review Team Participants

Members of the RSA review team included Shannon Moler and Terry Martin (Technical Assistance Unit); Nicole Jeffords and April Trice (Vocational Rehabilitation Program Unit); David Miller (Fiscal Unit); and Yann-Yann Shieh (Data Collection and Analysis Unit).

C. Acknowledgements

RSA expresses appreciation to the representatives of the Maine Division of Vocational Rehabilitation for the cooperation and assistance extended throughout the review process.

SECTION 2: FOCUS AREA – REVIEW OF THE DEVELOPMENT AND IMPLEMENTATION OF THE VR AGENCY CORRECTIVE ACTION PLAN

In Federal fiscal year (FFY) 2017, RSA conducted an on-site review of the State Vocational Rehabilitation Services program (VR program) and the State Supported Employment Services program (Supported Employment program) administered by the Maine Division of Vocational Rehabilitation (DVR). On April 6, 2018, RSA published the [final monitoring report](#), which included written findings and required corrective actions, setting in motion the timeline for the submission of the VR agency’s corrective action plan (CAP). However, DVR did not submit its CAP within the required timeline, nor did RSA approve a CAP. As a result, DVR is required to submit a draft CAP within 45 days of issuance of this CAP review report (see Appendix A).

RSA conducted a CAP review from March 7 through March 17, 2022. During its review, RSA assessed the progress of DVR toward the implementation and resolution of corrective actions in response to findings from the VR agency’s prior on-site monitoring review conducted in FFY 2017. Effective resolution of the corrective actions is critical in order for RSA to close out the grant award in accordance with Department policy (Guide for Managing Formula Grant Programs, OFO-F: 2-111) and to foster improvement in both program and fiscal performance.

At the time of the review, RSA addressed the following findings and outstanding corrective actions:

Finding 2.1 Untimely Eligibility Determination

Corrective Action 2.1.1: Comply with 34 C.F.R. § 361.41(b)(1) by making eligibility determinations within the required 60-day period;

Corrective Action 2.1.2: Fully assess and identify the factors leading to eligibility determinations exceeding 60 days (e.g., effective and efficient management of vacant caseloads) and develop and implement a plan to address and correct the identified factors;

Corrective Action 2.1.3: Develop and implement internal controls, including a monitoring component, to ensure eligibility determination requirements are met; and

Corrective Action 2.1.4: Substantially meet the 60-day eligibility determination requirement by reducing the time required for an eligibility determination to 60 days or less, or when appropriate, ensure a properly documented and approved eligibility determination extension is in place.

Status: In response to RSA’s document request pertaining to Finding 2.1, DVR reported that although it had not completed a CAP, it has worked on improving timeliness of eligibility determinations since the FFY 2017 monitoring review, and the agency provided to RSA internal data reports it uses to track eligibility timeliness. The data from DVR’s internal reports are consistent with RSA-911 data. Since program year (PY) 2017, the agency’s highest performance in this area was 88 percent in quarter four of PY 2020. Its lowest performance was 55.9 percent

in quarter four of PY 2019, which is concurrent with the onset of the global pandemic. RSA-911 data and the agency's internal data reports do not support that DVR has substantially complied with 34 C.F.R. § 361.41(b)(1) by making eligibility determinations within the required 60-day period.

DVR has not fully assessed and identified the factors leading to eligibility determinations exceeding 60 days (e.g., vacant caseloads) or developed and implemented a sufficient plan to address and correct the identified factors. DVR provided its Eligibility and Time to Plan Monitoring Process to RSA for review. The process went into effect in 2018 and was reviewed by the agency in February 2022, but it is not sufficient to instruct DVR staff on the process for documenting timely eligibility determinations or extension of the 60-day time agreed to by the VR counselor and individual. The agency should build on the plan mentioned in the Eligibility and Time to Plan Monitoring Process document to minimize possible delays for eligibility determination.

DVR reported that over the past few years, there has been substantial turnover in VR counselors. To mitigate the loss of experienced VR counselors, all new counselors must participate in an intensive three-week new counselor training. Annual training is also provided to staff on best practices in eligibility determination. This training includes technical assistance and guidance previously provided by RSA. The agency reported that it is exploring other ways to mitigate issues related to timely eligibility determinations, such as the use of pilot projects to train and retain VR staff.

The agency also provided a link to the Maine Division of Vocational Rehabilitation Rules. These rules are mandated by the Maine legislature and correctly reference the 60-day time frame, including information on when an eligibility extension may be warranted. The agency houses its procedures on an internal intranet site for the Bureau of Rehabilitation Services (BRS), which includes the Division for the Blind and Visually Impaired (DBVI). Although RSA cannot access the intranet site, screen shots were provided as evidence of the Casework Resources and New Counselor Training – Programs and Process modules.

Additionally, DVR provided evidence that it is working to develop and implement internal controls, including a monitoring component, to ensure eligibility determination requirements are met in the form of its Bureau of Rehabilitation Services Case Record Review Procedures and Guidelines, which it uses jointly with DBVI. Both agencies use the same quality assurance module and have a case review process in place, which includes a timeline. Comprehensive case reviews of all VR caseloads are conducted to identify individual cases in need of attention. VR counselors are then notified, and next steps are provided to correct issues related to timely eligibility determinations; however, it is not clear if case reviews occur monthly, quarterly, or on an annual basis.

In regard to ensuring that a properly documented and approved eligibility determination extension is in place, data show that DVR implemented the use of extensions in the second quarter of PY 2020. Although the agency improved in its performance, it still did not substantially meet the 60-day requirement.

Technical Assistance: During the review, RSA provided DVR technical assistance regarding compliance with the Federal requirements related to timely eligibility determinations. Under 34 C.F.R. § 361.41(b)(1), eligibility determinations are to be made for individuals who have submitted an application for VR services, including applications made through standard intake procedures in one-stop centers under Section 121 of the Workforce Innovation and Opportunity Act, within 60 days, unless there are exceptional and unforeseen circumstances beyond the control of the VR agency, and the individual and VR agency agree to a specific extension of time or an exploration of the individual's abilities, capabilities, and capacity to perform in work situations is carried out in accordance with 34 C.F.R. § 361.42(e).

The review team discussed with DVR how corrective actions, including fully assessing and identifying the factors leading to eligibility determinations exceeding 60 days (e.g., effective and efficient management of vacant caseloads) and developing and implementing a plan to address and correct the identified factors, will improve the agency's compliance with the Federal requirement. The review team also recommended that DVR ensure that its processes and training materials are available in writing and made available to staff in one convenient location, such as the BRS intranet site.

The review team discussed with DVR the requirement for developing and implementing sufficient written procedures to ensure that eligibility determinations are made in a timely manner. Consistent implementation of, and training on, these procedures will help to avoid any unnecessary delays in this process.

DVR also must continue to develop and implement internal controls, including a monitoring component, as issues of eligibility timeliness are noted. The development and implementation of internal controls for the determination of eligibility in accordance with the Federal requirements will also help to avoid any unnecessary delays in the eligibility determination process. The agency should ensure that its internal control policies contain consistent information and are made available in writing to staff.

RSA encourages the agency to seek technical assistance on the development of processes related to timely eligibility determination from the VR Technical Assistance Center for Quality Management (VRTAC-QM).

Required Action(s): DVR must ensure that eligibility determinations are made in a timely manner and within the time frames established in Federal regulations unless an extension of that time frame to a specific date is agreed to by the VR counselor and individual or an exploration of the individual's abilities, capabilities, and capacity to perform in work situations is carried out in accordance with 34 C.F.R. § 361.42(e).

DVR's Single Audit has included an eligibility finding every year in which the agency was included in the audit since FFY 2014 (FFYs 2014, 2015, 2016, 2019, and 2020). The FFY 2020 Single Audit (ACN: 012018526) noted that eligibility determination was a significant deficiency for DVR. RSA is concerned that DVR has not yet completed the required corrective actions given the longstanding nature of the noncompliance. Failure to complete the required corrective actions in the timelines below could result in RSA taking additional enforcement actions.

DVR must further develop its procedures related to making eligibility determinations within the required 60-day period and make them available to staff based on the full assessment and identification of the factors leading to eligibility determinations exceeding 60 days. Within 45 calendar days from the issuance of the final CAP review report, the VR agency must submit its detailed assessment of the factors leading to eligibility determinations exceeding 60 days in accordance with Corrective Action 2.1.2 in the FFY 2017 monitoring report. In response to audit findings, DVR has repeatedly stated that it would address noncompliance through staff training. However, years of these efforts have not resulted in compliance with the requirement.

The agency must also further develop and implement internal controls, including a monitoring component, to ensure eligibility determination requirements are met. Within 90 calendar days from the issuance of the final CAP review report, the VR agency must implement internal controls, including a monitoring component, to ensure eligibility determination requirements are and continue to be met (Corrective Action 2.1.3 in the FFY 2017 monitoring report). DVR will provide two consecutive quarters of monitoring data that demonstrate compliance to RSA.

Finding 2.2 Untimely Development of the IPE

Corrective Action 2.2.1: Comply with 34 C.F.R. § 361.45(a)(1) and (e) to ensure individualized plans for employment (IPE) are developed within the 90-day Federal time frame from date of eligibility determination;

Corrective Action 2.2.2: Assess factors leading to untimely IPE development and develop and implement a plan to address these factors;

Corrective Action 2.2.3: Evaluate current procedures for tracking and monitoring counselor performance and efficient practices used by high performing VR counselors and supervisors to ensure timely IPE development, including the development of internal control processes, use of case management tools, and supervisory review of timely IPE development; and

Corrective Action 2.2.4: Develop goals and strategies to improve VR counselor performance specific to timely IPE development.

Status: In response to RSA's document request pertaining to Finding 2.2, DVR provided to RSA internal data reports it uses to track the timely development of IPEs. RSA noted discrepancies in the data in DVR's internal reports compared to RSA-911 data. RSA-911 data does not support that DVR has substantially complied with 34 C.F.R. § 361.45(a)(1) and (e) to ensure IPEs are developed within the 90-day Federal time frame from date of eligibility determination. RSA-911 data show the agency's compliance with the Federal requirement varied from PY 2017, when it developed IPEs for 63.1 percent of individuals following eligibility determination, to quarter two of PY 2021, when it developed IPEs for 81.9 percent of the individuals determined eligible.

DVR has not fully assessed factors leading to untimely IPE development and has not developed and implemented a plan to address these factors. Similar to timely eligibility determinations, DVR provided a link in its Maine Division of Vocational Rehabilitation Rules, which correctly references the 90-day time frame and includes information on when an extension may be warranted. Some trainings are housed in the BRS intranet site. Although RSA cannot access the

agency's intranet site, DVR provided screen shots as evidence of the Casework Resources and New Counselor Training – Programs and Process modules, which include IPE development.

When asked about sufficient written procedures that document the training above, DVR reported that the procedures are currently in development. DVR reported that it has not implemented procedures for IPE extensions and has begun to develop a process to document extensions for IPE development in its case management system. The agency should ensure that its processes and training materials are available in writing and made available to staff in one convenient location, such as the BRS intranet site.

DVR provided evidence that it has evaluated current procedures for tracking and monitoring counselor performance and efficient practices used by high performing VR counselors and supervisors to ensure timely IPE development, including the development of internal control processes, use of case management tools, and supervisory review of timely IPE development. As noted previously in this report, DVR uses the Maine Department of Labor Bureau of Rehabilitation Services Case Record Review Procedures and Guidelines jointly with DBVI. Both agencies use the same quality assurance module and have a review process in place that includes the timely development of IPEs, and comprehensive case reviews of all VR caseloads are conducted by the assistant director and regional managers to identify individual cases in need of attention. VR counselors are then notified, and next steps are provided to correct issues related to timely IPE development; however, it is not clear if case reviews occur monthly, quarterly, or on an annual basis.

Further, DVR has not substantially developed goals and strategies to improve VR counselor performance specific to timely IPE development. Data show that no extensions were documented since the monitoring review was conducted in FFY 2017. DVR reported that it is reluctant to encourage staff to implement an agreed-upon extension of the 90-day IPE development timeline since it believes the IPE must be completed within 90 days in all circumstances. However, it was pointed out to the agency that it has not substantially complied with 34 C.F.R. § 361.45(a)(1) and (e) to ensure IPEs are developed within the 90-day Federal time frame from date of eligibility determination since the monitoring that took place in FFY 2017.

Technical Assistance: RSA conducted a session with DVR to discuss data anomalies in its internal data reports versus RSA-911 data to ensure consistency. For instance, in the first quarter of PY 2021, DVR data show 74.9 percent of IPEs were developed within 90 days; however, RSA-911 data show 75.7 percent for the same quarter. Information was shared with the agency on how to identify where the discrepancy occurred and how to calculate IPE timeliness correctly. This will ensure consistency in future reporting and assist the agency in meeting the 90-day IPE development requirement so that the delivery of VR services essential to the achievement of employment is not delayed.

During the review, the review team discussed the need for DVR to continue to assess and address identified factors leading to untimely IPE development and make processes available to staff in the BRS intranet site. Under 34 C.F.R. § 361.45(e), the IPE must be developed as soon as possible, but no later than 90 days after the date of eligibility determination, unless the State unit and the eligible individual agree to an extension of that deadline to a specific date by which the

IPE must be completed. As with the delay in the determination of eligibility, the implementation of procedures in this area will help to ensure delays in IPE development do not occur.

The review team also discussed with DVR the need to develop and implement internal controls, including a monitoring component, as issues of timely IPE development are noted. The development and implementation of internal controls for the determination of eligibility in accordance with the Federal requirements will help to avoid any unnecessary delays in the eligibility determination process. The agency should ensure that its processes and training materials contain consistent information and are made available in writing to staff in one convenient location, such as the BRS intranet site.

The review team provided technical assistance on the use of IPE extensions if, for exceptional and unforeseen circumstances, the IPE cannot be developed and approved within the 90-day deadline. DVR agreed to comply with the requirement, and the review team encouraged the agency to seek technical assistance in this area from the VRTAC-QM.

Required Action(s): DVR must substantially comply with 34 C.F.R. § 361.45(a)(1) and (e) to ensure IPEs are developed within the 90-day Federal time frame from date of eligibility determination. Within 45 calendar days from the issuance of the final CAP review report, the VR agency will submit for RSA review and approval a draft CAP to address findings and unresolved corrective actions from the FFY 2017 monitoring report (2.2.1, 2.2.2, 2.2.3, and 2.2.4) identified through the monitoring process to improve the VR agency's compliance and employment outcomes.

Finding 5.1 Insufficient Internal Controls – Assignment of VR Obligations and Expenditures to the Correct Federal Award

Corrective Action 5.1.1: Revise its financial data collection and analysis process so that DVR can:

- a) Ensure all Federal and non-Federal obligations (including administrative contracts and contracts maintained in the case management system) are properly accounted for and obligated to the correct FFY award in the agency's financial management system;
- b) Account for all expenditures and accurately liquidate Federal and non-Federal expenditures from the correct FFY award based upon the correct assignment of obligations;
- c) Ensure all reclassified expenditures are assigned to the correct FFY award based upon the date in which the obligation was incurred; and
- d) Process Federal refunds to the appropriate Federal award based upon the FFY in which the obligation was incurred;

Corrective Action 5.1.2: Update and implement policies and procedures to accurately account for and report Federal and non-Federal obligations and expenditures to the correct period of performance. These policies must address:

- a) The assignment of obligated Federal and non-Federal funds to the appropriate FFY award and the liquidation of such funds based upon the assignment of obligation;

- b) The reclassification of expenditures to ensure all expenditures meet the requirements of the Federal award and are appropriately accounted for based upon the FFY in which the obligation was incurred;
- c) The obligation of contracts in the financial management system to ensure liquidations are based upon the FFY in which the contracts were obligated; and
- d) The refund process to ensure funds are credited to the appropriate Federal award based upon when the obligation was incurred; and

Corrective Action 5.1.3: Develop and implement a written internal control process, as required in 2 C.F.R. § 200.303, including a monitoring component, that ensures sustained compliance with, and correction of the specific areas identified in 5.1.1 and 5.1.2.

Status: In response to RSA’s document request pertaining to Finding 5.1, DVR submitted the following items:

- Internal Controls and Monitoring of Federal Awards (effective August 2019);
- Obligation Date Policies and Procedures (effective August 2017; reviewed January 2021);
- Obligation Mapping Spreadsheet (effective July 2018; reviewed January 2021); and
- Federal Review of September – October 2020 DVR Expenditures.

The General and Blind VR agencies in Maine share common internal controls and policies.

The Internal Controls and Monitoring of Federal Awards document includes a few sentences on the topics of Control Environment, Risk Assessment, Information and Communication Activities, and, with somewhat more content, Control Activities, and Monitoring of Federal Awards. The document provides a general overview of policies DVR intends to implement, but it provides little detail about specific activities DVR staff are to perform to carry them out. Additionally, the policies, as written, do not clearly identify or reference period of performance requirements for Federal awards, including the requirement that DVR staff are to assign expenditures to awards based on the obligation date of the expenditure, and that the obligation date must fall within the award’s period of performance. Indeed, this policy document contains no information regarding how to determine an award’s period of performance, steps staff will take to ensure proper assignment of expenditures based on dates of obligation consistent with 34 C.F.R. § 76.707, and significantly, it provides no reference to DVR’s Obligation Mapping Spreadsheet or Obligation Date Policies and Procedures.

For example, regarding the lack of detail about activities DVR staff are to perform to carry out the Internal Controls and Monitoring of Federal Awards policies, the Payment Processing section of the Control Activities topic states, “Invoices are reviewed and coded with the appropriate accounting codes” followed by “Invoices are approved by authorized BRS staff.” The policy does not provide for how and when staff are to review invoices or how staff determine the appropriate accounting code to assign to an invoice. In another example of missing detail, the Accounting section of the Control Activities topic states, “Monitor the accounting transactions on a regular basis to ensure that all payments are identified in the accounting system with the appropriate program and program period” followed by “Prepare monthly financial reports and review with DSU directors.” While these are important components of DVR’s internal controls,

no detail is given about which staff positions are responsible for monitoring accounting transactions or preparing financial reports, or about management expectations regarding process steps or monitoring frequency. These examples are evidence that the policy does not provide detail necessary for DVR 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.

While the Internal Controls and Monitoring of Federal Awards document includes no information or reference to information regarding how to determine an award's period of performance or on what date an obligation is considered made for various categories of expenditure, the Obligation Date Policies and Procedures document provides some of this information under separate cover. Obligation Date Policies and Procedures provides Education Department General Administrative Requirements (EDGAR) pertaining to when an obligation is considered made, as well as descriptions of how the accounting system uses fields to identify transactions as associated with a particular grant and its period of performance. This document describes how the accounting system provides DVR the capacity to trace expenditures and accurately record and assign obligations to the correct FFY award. However, as noted above, it is unclear how DVR staff would use this document when carrying out steps to satisfy policies identified in Internal Controls and Monitoring of Federal Awards as neither document references the other.

Obligation Date Policies and Procedures includes some information that is imprecise and should be clarified. For example, in its discussion of matching requirements, the document states that "as long as the obligation has been made with general funds prior to September 30, the obligation is to be used towards meeting the matching and maintenance of effort requirements." Non-Federal share must be obligated between October 1 and September 30 of the year of appropriation for it to be reported as match for the FFY award (not just "before September 30"). Also, DVR's documentation did not provide a policy or process for ensuring that any unliquidated obligations reported to RSA as match at the fourth quarter, and that subsequently "fall off" (i.e., remain unliquidated following the carryover and liquidation period of the award), are reduced from the total amount of match reported at the fourth quarter. When this occurs, DVR must notify RSA of the need to revise the fourth quarter report to lower the amount of match initially reported—and submit the correction in the RSA Management Information System (RSAMIS).

The findings from DVR's prior on-site monitoring review conducted in FFY 2017 indicate that the only date fiscal staff responsible for paying invoices could view is the date the service invoice was batched for payment. While documentation DVR provided for this CAP review suggests the agency has made corrections that now enable its staff to view actual dates of obligation per authorization rather than by batch, it is important for DVR to improve its financial data collection and analysis process and its policies and procedures for tracking and reporting obligations to the correct award period of performance in a manner that permits staff the ability to verify the correct obligation date for each expenditure and verify the correct period of performance for each FFY award, and thus be able to independently verify that each expenditure is assigned to the correct award in accordance with Federal requirements governing award periods of funding availability. The ability for staff, as written into DVR's internal control

activities and processes, to identify accurate dates of expenditure obligation and award periods of performance must also extend to each expenditure comprising any reclassification of funds between grant awards.

Regarding DVR's internal controls on Monitoring of Federal Awards, several of the items noted for ensuring compliance with Federal requirements are general statements of policy and are unspecific. For example, neither of the following statements identify how management will ensure what the statement proposes: "Ensure that financial obligations are allowable with federal regulations" and "Ensure that the case management system has the appropriate programming, so that authorizations are allowable with federal regulations." It is important for DVR to consider the actions its staff would need to take to ensure obligations and the case management system align with Federal rules governing allowability on a sustained basis, particularly with Federal requirements (laws and regulations) that are subject to occasional change, and with grant terms and conditions (Grant Award Notifications and Attachments), elements of which often change year to year. Such a monitoring component would need to include how DVR identifies and addresses—through timely updates to its internal controls—changes to external rules affecting DVR programs that might occur at any time.

Technical Assistance: RSA has provided feedback on select financial management-related DVR policies and procedures several times since the FFY 2017 monitoring activity. This includes providing review and comment on draft policies related to the establishment authority and other actions DVR has taken to address internal control deficiencies related to the assignment of obligations and expenditures to awards based on award periods of funding availability.

Required Action(s): Within 45 calendar days from the issuance of the final CAP review report, the VR agency will submit for RSA review and approval a CAP to address findings and unresolved corrective actions. **DVR is to completely resolve all 5.1 Corrective Actions no later than January 30, 2023**, with interim quarterly progress updates to be scheduled.

Finding 5.2 Insufficient Internal controls - Procurement Process

Corrective Action 5.2.1: Procure services in a manner consistent with State procurement policies and ensure that VR and Supported Employment program funds are used only for allowable program activities;

Corrective Action 5.2.2: Revise current contracts and implement internal controls necessary to ensure future contracts:

- a) Include language necessary to ensure that VR and Supported Employment program funds are used only for allowable activities;
- b) Require that contractor invoices submitted to the agency identify whether the services being billed are for allowable VR or Supported Employment services;
- c) Include the required contract monitoring criteria pursuant to the agency's monitoring procedures;
- d) Provide for appropriate cost allocation and ensure costs are proportional to the benefit received by the VR and Supported Employment programs; and
- e) Are consistent with Federal and State requirements, including the State's procurement policies.

Corrective Action 5.2.3: Develop and implement internal controls to ensure monitoring of contractors and vendors, as required by 2 C.F.R. § 200.328.

Status: Based on the CAP review of DVR's corrective actions taken to date to address Finding 5.2, RSA found DVR to have substantially resolved Corrective Actions 5.2.1 and 5.2.2. The items DVR submitted in response to RSA's document request indicate DVR maintains a State policy-compliant competitive procurement process that it uses to acquire VR service contracts. However, RSA's review of DVR's contract monitoring protocols and related documentation indicates Corrective Action 5.2.2.c remains unresolved.

DVR provided RSA samples of corrective actions it required contractors to undertake; however, some of the required corrective actions were informal and did not occur as an output of a standardized contract monitoring process. Thus, RSA sustains Corrective Action 5.2.3. Given that Corrective Action 5.2.2.c is similar in scope to Corrective Action 5.2.3, RSA will address the sub-finding through DVR's resolution of 5.2.3.

Technical Assistance: RSA explained that State approval of exceptions to State procurement policy, for a purpose such as authorizing sole-source selection where competition is otherwise the norm, does not necessarily indicate allowability of costs under the Federal award. To verify the allowability of State-approved exceptions to State procurement policy, DVR should inform RSA of the circumstances before assigning related obligations and expenditures to the Federal award.

Required Action(s): Within 45 calendar days from the issuance of the final CAP review report, the VR agency will submit for RSA review and approval a CAP to address findings and unresolved corrective actions. **DVR is to completely resolve Corrective Action 5.2.3 no later than January 30, 2023**, with interim quarterly progress updates to be scheduled.

Finding 5.3 Inaccurate Financial Reporting

Corrective Action 5.3.1: Update and implement policies and procedures to accurately report Federal and non-Federal expenditures and obligations to the correct Federal award;

Corrective Action 5.3.2: Revise and resubmit the SF-425 reports for FFYs 2015 and 2016 to accurately report Federal and non-Federal expenditures and obligations; and

Corrective Action 5.3.3 Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with Federal reporting requirements.

Status: Based on a review of obligation and expenditure documentation DVR provided, DVR has made progress toward improving the accuracy of financial data it currently reports to RSA associated with the assignment of expenditures based on dates of obligation and correct award periods of performance. DVR has implemented important changes to help address many findings from the FFY 2017 Monitoring Report; however, DVR has not generally done so for Finding 5.3.

During RSA's current year CAP review of DVR, DVR expressed concern about the potential burden and cost that might result from resolving Corrective Action 5.3, which stemmed from

RSA's FFY 2017 monitoring. As clarified during the FFY 2022 CAP review, RSA will now require DVR to revise and resubmit SF-425 and RSA-17 reports for FFYs 2018, 2019, 2020, and 2021 to accurately report Federal and non-Federal expenditures and obligations to comply with award periods of performance. While this revised approach eliminates the requirement for DVR to correct obligation dates of expenditures reported for FFYs 2015, 2016, and 2017, it does require DVR to make such corrections to awards that were open from the FFY 2018 period of performance forward. This means that FFY 2017 carryover year assignments of obligation must be corrected, as well as all following FFY awards through the current FFY, as needed based on the point at which, if achieved, DVR began assigning all expenditure obligations according to EDGAR and award period of performance requirements.

DVR will address Corrective Action 5.3.1 through resolution of Corrective Action 5.1.2.

Technical Assistance: RSA provided clarification of the requirement it initially informed DVR of in the FFY 2017 Monitoring Report that DVR must correct obligations and expenditures it previously assigned to incorrect award periods of performance to awards with periods of performance that had funding availability at the time, based on accurate obligation dates of expenditure.

Required Action(s): Within 45 calendar days from the issuance of the final CAP review report, the VR agency will submit for RSA review and approval a CAP to address findings and unresolved corrective actions. **DVR is to completely resolve Corrective Action 5.3.2 (less actions on FFY 2015 and 2016 awards) no later than April 28, 2023, and Corrective Action 5.3.3 no later than January 30, 2023,** with interim quarterly progress updates to be scheduled.

Finding 5.4 Incorrect Assignment of Personnel Costs to the VR Program

Corrective Action 5.4.1: Cease using VR funds to pay for personnel costs that must be allocated to other cost objectives;

Corrective Action 5.4.2: Revise and implement policies and procedures to correctly assign personnel costs, including fringe benefits, to the correct cost objectives;

Corrective Action 5.4.3: Revise SF-425 reports to reflect accurate expenditures and ensure accurate reporting of personnel costs in future submissions; and

Corrective Action 5.4.4: Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with personnel cost allocation requirements.

Status: DVR has resolved Corrective Actions 5.4.1, 5.4.2, and 5.4.3.

Technical Assistance: DVR did not request technical assistance related to this finding.

Required Action(s): Within 45 calendar days from the issuance of the final CAP review report, the VR agency will submit for RSA review and approval a CAP to address findings and unresolved corrective actions. **DVR is to completely resolve Corrective Action 5.4.4 no later than January 30, 2023,** with interim quarterly progress updates to be scheduled.

Finding 5.5 Prior Approval Requirements Not Met

Corrective Action 5.5.1: Develop and implement policies and procedures, as well as a written internal control process, including a monitoring component, to ensure ongoing compliance with the prior approval requirements.

Status: DVR has resolved Corrective Action 5.5 as evidenced by internal controls and regular prior approval requests to RSA.

Technical Assistance: DVR did not request technical assistance related to this finding.

Required Action(s): No action required.

Finding 5.6 Insufficient Internal Controls – Assignment of Supported Employment Obligations and Expenditures to the Correct Federal Award

Corrective Action 5.6.1: Cease transferring Federal funds between DVR and DBVI without formally requesting the transfer from RSA;

Corrective Action 5.6.2: Revise and implement policies and procedures to accurately report Federal and non-Federal expenditures and obligations to the correct Federal award;

Corrective Action 5.6.3: Revise and resubmit the SF-425 reports for FFYs 2015 and 2016 to accurately report Federal and non-Federal expenditures and obligations; and

Corrective Action 5.6.4: Develop and implement a written internal control process, including a monitoring component, to ensure ongoing compliance with Federal reporting requirements.

Status: DVR has resolved Corrective Action 5.6.1 as evidenced by multiple consecutive year requests for RSA to facilitate the transfer of funds between the blind and general agencies. DVR will address Corrective Action 5.6.2 through DVR's resolution of Corrective Action 5.1.2. Refer to the status of Finding 5.1 for concerns regarding the VR program that are also applicable to the Supported Employment program.

Technical Assistance: DVR did not request technical assistance related to this finding.

Required Action(s): Within 45 calendar days from the issuance of the final CAP review report, the VR agency will submit for RSA review and approval a CAP to address findings and unresolved corrective actions. **DVR is to completely resolve Corrective Action 5.6.3 (less actions on FFY 2015 and 2016 awards) and 5.6.4 no later than January 30, 2023**, with interim quarterly progress updates to be scheduled.

APPENDIX A: MAINE DIVISION OF VOCATIONAL REHABILITATION DRAFT CORRECTIVE ACTION PLAN

FORM VR CAP

OMB NO. 1820-0694
EXPIRES: 2.29.2024

Corrective Action Plan for

Initial CAP - current status:

Monitoring Report PDF format:

Monitoring Report Publication Date:

Submitted by:

Submitted on:

Completed by:

Completed on:

Approved by:

Approved on:

CAP Resolved Date:

Number of findings:

Number of resolved findings:

Percent resolved:

Finding 1

Finding Headline:

Finding Requirement:

Mandated Corrective Action:

RSA Focus Area:

Agency Planned Corrective Action Steps

Corrective action 1.1

Action:

Standard to be Met and Method of Evaluation:

Planned start date:

Actual start date:

Projected completion date:

Actual completion date:

Quarterly Updates:

RSA state team comments:

Resolved?

Public Burden Statement (OMB-1820-0694):

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1820-0694 that expires on 2.29.2024. Public reporting burden for this collection of information is estimated to average 975 hours including development of corrective action plan and quarterly reporting per response, time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit (Section 107A of the Rehabilitation Act of 1973, as amended by Title IV of the Workforce Innovation and Opportunity Act). If you have any comments concerning the accuracy of the time estimate, suggestions for improving this individual collection, or if you have comments or concerns regarding the status of your individual form, application or survey, please contact Joseph Doney, Rehabilitation Services Administration, 550 12th St SW, Washington, DC 20202-5176 / joseph.doney@ed.gov, directly.
