



**Office of Inspector General
Center for Independent Living in Central Florida, Inc.**

Report # A-1920DOE-021

October 2020

Executive Summary

In accordance with the Department of Education's fiscal year (FY) 2020-21 audit plan, the Office of Inspector General (OIG) conducted an audit of Contract #19-103 between the Division of Vocational Rehabilitation (DVR) and the Center for Independent Living in Central Florida (CIL). The purpose of this audit was to determine if the CIL's internal controls ensure effective delivery of program services to individuals with disabilities and determine if DVR effectively manages and monitors the contract for compliance.

During this audit, we noted that the CIL's internal controls could be improved and DVR could strengthen oversight of the contract. We noted instances where the CIL did not maintain sufficient documentation to demonstrate appropriate allocation of Contract #19-103 funds; consumer service records did not include all required elements and documentation could be strengthened; and DVR did not provide effective monitoring in accordance with the monitoring agreement. The Audit Results section below provides details of the instances noted during our audit.

Scope, Objectives, and Methodology

The scope of this audit included services provided through the CIL's contract during the period of July 1, 2018, through December 31, 2019. Our objectives for the audit included:

1. Determining if DVR is effectively managing and monitoring the agreement for compliance;
2. Determining if the CIL's internal controls ensure effective delivery of program services to eligible consumers; and
3. Determining if the CIL maintains fiscal accountability to ensure proper disbursement and accounting of funds received under the agreement.

To accomplish our objectives, we reviewed applicable laws, rules, and regulations; reviewed Contract #19-103, its amendments, and related documents; interviewed appropriate DVR and CIL staff; reviewed a sample of consumer files; reviewed a sample of expenditures and supporting documents; reviewed service hours; and evaluated management controls.

Background

DVR is a federal-state program committed to helping people who have physical or mental disabilities find and maintain meaningful employment and enhance their independence. DVR accomplishes this by providing employment support and job placement assistance to eligible individuals with disabilities. DVR contracts with Centers for Independent Living to provide quality vocational rehabilitation services to persons with disabilities in Florida.

Centers for Independent Living are community-based agencies that provide independent living services to persons with all types of disabilities. They are dedicated to helping people of any age and disability to identify and reach their goals to achieve independence. Centers for Independent Living accomplish this by offering information and referral services, independent living skills training, peer counseling, and individual and systems advocacy. The Center for Independent Living in Central Florida, Inc. (CIL) is a non-profit corporation serving individuals with disabilities in Orange, Polk, Hardee, Highlands, and DeSoto counties. The CIL was formed in 1976 due to the needs of persons with disabilities in the community. The CIL still operates from its original Winter Park office, as its location is close in proximity to public transportation, shopping establishments, and medical facilities. The CIL also operates a satellite office in Lakeland.

On June 25, 2018, DVR entered into a one-year contract for the period of July 1, 2018, through June 30, 2019, with the CIL to provide funding for rehabilitation services or other services to enhance the ability of persons who have significant disabilities to live independently, function within their communities, and if appropriate, to secure and maintain employment. Per Contract #19-103, the appropriations for Title VII (SSA/Part B) were \$583,331.00 and General Revenue were \$168,790.00. Amendment 1 of Contract 19-103 renewed the contract for an additional one-year term for the period of July 1, 2019, through June 30, 2020. Amendment 1 provided an additional \$4,798.00 in Title VII (SSA/Part B) funds and an additional \$314.00 in General Revenue funds on June 25, 2019, making the total contract funding \$757,233.00.

Audit Results

Finding 1: DVR did not provide effective monitoring in accordance with the monitoring agreement.

Per the standard DVR Monitoring Agreement form, “A complete risk assessment is performed on all CIL Contracts prior to execution. Risk will be reassessed at the end of each term. The assigned risk score drives the type and frequency of monitoring conducted.” The accompanying risk assessment is based on scoring methods and the following criteria: *Prior Contract Expenditures, Stakeholder Feedback, CIL History, Prior Monitoring and/or Audits, and Other Factors*. The scores are broken down into three risk value score range groups: *low (1-8), moderate (9-16), or high (17-25)* and are based on a number scoring system of 1 to 5 for each criterion category (with 1 being lowest risk and 5 being the highest risk). Based on the assessment of agreement term July 1, 2019, through June 30, 2020, the CIL scored a total of nine (9) across all criteria, which equals medium on the risk assessment.

Reporting requirements in the Monitoring Plan stated, “Monitoring activities include, but are not limited to, reviewing expenditure data, and visiting the Center’s location. Risk based monitoring will be performed as follows:

Medium Risk -

Program Review on a semi-annual basis to inspect business processes, key management personnel, and significant service delivered to customers.

Semi-Annual review of prior monitoring and/or audit to ensure compliance with any findings, if any. Semi-Annual desktop monitoring.”

The Contract Manager provided a tentative monitoring schedule for the period of July 1, 2019, through June 30, 2020, which reflected bi-annual desktop monitoring to be conducted on the CIL in Central Florida. However, DVR did not formally monitor the CIL and was unable to provide documentation to reflect a completed bi-annual desktop monitoring or any formal analysis, documentation review, or report submitted to the CIL with comments or recommendations from the period of July 1, 2018, through December 31, 2019. The Contract Manager stated that he instead completed a site visit approximately one year ago to the CIL. However, the Contract Manager did not perform a formal analysis, review documentation, or submit a report to the CIL with comments or recommendations after the site visit.

While the Contract Manager did review the monthly and quarterly documents submitted in accordance with contract terms, we determined DVR failed to adhere to the monitoring plan developed for Contract #19-103. As a result, we determined the monitoring was insufficient and did not identify the issues discussed later in this report. Insufficient monitoring increases the risk that noncompliance with the terms of the contract will go undetected. In addition, not communicating the monitoring results or providing improvement recommendations limits the CIL’s ability to improve its processes.

Recommendation

We recommend DVR conduct monitoring in accordance with the risk assessment and monitoring plan. In addition, we recommend DVR promptly provide any monitoring results and recommendations for improvement to the CIL and ensure corrective action has been initiated on noted deficiencies.

DVR Management Response

Concur. VR has completed the 2020-21 Risk assessment and monitoring plan. The CIL in Central Florida is scheduled to be monitored twice during the contract year. Any monitoring results and recommendations for improvement will be immediately shared with the CIL and ensure corrective action can be initiated in a timely manner to correct any noted deficiencies.

Finding 2: The CIL did not maintain sufficient documentation to demonstrate appropriate allocation of Contract #19-103 funds.

Section VII.B of Contract #19-103 requires the CIL to “maintain a financial management system relating to funds received and expended under this Agreement in accordance with generally accepted accounting principles and that is compliant with 45 CFR Part 75.302, Standards for financial management systems and 45 CFR Part 75.361, Retention Requirements for Records.”

The Office of Management and Budget (OMB) Circular A-122 states that cost allocation methodologies used to allocate direct and indirect costs must be adequately documented and established in accordance with reasonable criteria that distribute costs across its various benefitting cost objectives in a manner commensurate with the relative benefit received.

We requested and received the CIL’s itemized General Ledger (GL) for the period of July 1, 2018, through December 31, 2019. We judgmentally sampled 23 expenditures for fiscal year (FY) 2018-19 and 10 expenditures for July 2019 through December 2019 and reviewed the supporting documentation. To conduct the analysis, we compared the sampled expenditures to both the total amount on the provided invoices and to the line item percentages from the approved budget at the beginning of the fiscal year.

While the CIL provided documentation for the sampled expenditures, we noted that the supporting documentation directly correlated with the line item expenditures on the GL for only 4 of the 23 (17%) FY 2018-19 sampled expenditure transactions and 4 of the 10 (40%) July-December 2019 sampled expenditure transactions. This was due to the current CIL practice of not documenting on each invoice or by expenditure category the amount allocated to the State contract. Therefore, we could not determine whether the CIL properly expended the SSA/Part B and General Revenue funds or if the CIL maintained the percentages allocated. In addition, this practice prohibits the CIL from demonstrating that they distribute costs appropriately in a manner commensurate with the relative benefit received.

Per the CIL staff, the CIL utilizes a 200-fund account that captures the transactions posted from the payables module. At the end of the fiscal year, all expenses allocated to the state contract equal the percentage allocated to the state project based on the total budgeted amount of each line item submitted in the original budget at the beginning of the fiscal year. According to CIL management, while the submitted original budget allocated General Revenue and SSA/Part B amounts, quarterly budget reconciliations were not required to do so. The CIL management stated going forward the allocations would be listed on the individual invoices.

Recommendation

We recommend the CIL notate the funding allocations on the individual invoices or expense categories to support expenditures incurred. We additionally recommend the CIL enhance its procedures to ensure expenses funded through DVR’s contract are allowable and appropriately reflected by funding source. We recommend DVR include a review of expenditures incurred and the supporting documentation as part of their monitoring efforts to ensure expenditures are supported, allowable, allocable, reasonable, and necessary to the performance of the contract.

DVR Management Response

Concur. VR will include a review of expenditures incurred and the supporting documentation as part of their monitoring efforts to ensure expenditures are supported, allowable, allocable, reasonable, and necessary to the performance of the contract during the bi-annual monitoring of the CIL in Central Florida.

CIL Management Response

Concur. CIL concurs that notations were not made on individual invoices showing allocated amounts to the State contract and breaking down amounts allocated specifically to SSA/Part B and General Revenue dollars. Expense categories were also not notated on individual invoices. CIL did provide supporting documents for all sampled expenditure transactions for both FY 2018-2019 and July-December 2019. The line item amounts in the GL stated the expense category associated with State funding expenditure accounts that specifically correlated to the DVR Contract budget and matched the amounts reported in the quarterly or monthly budget reconciliations submitted. All supporting documents, either individually or as a group for a given expenditure in a given month or quarter, for these expenditures exceeded the amount allocated to the State budget. However, amounts allocated to the State were extrapolated from these total amounts, and individual invoices did not have the specified amount allocated to the State budget notated on the invoice. CIL provided the State auditors with the original invoice entry transactions in the G/L 200 fund account and correlating journal entry allocating the expenditure to the corresponding State budget line item. This way an audit trail was established from supporting documentation to State allocated expenditure. All costs were allowable. CIL expended all funds in accordance with budget allocations submitted. CIL maintains a financial management system relating to funds received and expended in accordance with generally accepted accounting principles as reported in our annual single audit conducted by an independent, state of Florida licensed CPA firm. CIL documents its cost methodologies used to allocate direct and indirect costs in its cost allocation plan. CIL will make notations on individual invoices breaking down the amounts allocated to Part B/SSA dollars and GR dollars. Notated amounts will include the expense category.

Finding 3: Consumer service records did not include all required elements and documentation could be strengthened.

Title 34 of the Code of Federal Regulations (CFR) section 364.53 states, “For each applicant for IL services (other than information and referral) and for each individual receiving IL services (other than information and referral), the service provider shall maintain a consumer service record that includes –

- (a) Documentation concerning eligibility or ineligibility for services;
- (b) The services requested by the consumer;
- (c) Either the IL plan developed with the consumer or a waiver signed by the consumer stating that an IL plan is unnecessary;
- (d) The services actually provided to the consumer; and
- (e) The IL goals and objectives –
 - (1) Established with the consumer, whether or not in the consumer’s IL plan; and
 - (2) Achieved by the consumer.

Eligibility

Per 34 CFR 364.51(a), “(1) the service provider shall determine the applicant’s eligibility and maintain documentation that the applicant has met the basic requirements specified in CFR 364.40. (2) The documentation must be dated and signed by an appropriate staff member of the services provider.” Contract #19-103 requires services to be provided to eligible persons with significant disabilities.

We reviewed 30 active consumer service records (CSR) and 41 inactive CSRs. We determined all 71 CSRs contained a document titled *Consumer Receipt of Information and Privacy Statement*. The document included a signature spot for the consumer under the section “Funder Review Waiver” that acknowledges their information may be reviewed by the CIL’s funders for quality assurance purposes. All reviewed files contained the client’s signature and date of signature in this area. In addition, the document includes the statement, “I have verified this customer’s self-reported disability in a face-to-face meeting.” All reviewed files contained the CIL staff member’s signature and the date of signature in this area.

We noted this form indicates CIL staff as attestors to the disability; however, the form does not include an eligibility determination. We additionally reviewed the supplied records for disability documentation in each file. Of the 30 active CSRs, none had disability documentation in the files provided. Of the 41 inactive CSRs, none had disability documentation in the files provided. We noted the eligibility determinations additionally did not include the type of disability self-reported by the applicant. The CIL instead records the type of disability in the CSRs in the COMs database. The CIL Executive Director acknowledged the CIL does not currently have documentation specifically notating customer eligibility. Incorrect and incomplete eligibility determinations could result in spending contract funds on ineligible consumers.

IL Plan and CSR Documentation

34 CFR 364.52(a) (1) requires the services provider to develop an Independent Living (IL) plan for the individual, unless the individual who is to be provided IL services under this part signs a waiver. Section 34 CFR 364.52(b) also states, “(1) Development of an individual’s IL plan must be initiated after documentation of eligibility under § 364.51(a) and must indicate the goals or objectives established, the services to be provided, and the anticipated duration of the service program and each component service. (2) The IL plan must be developed jointly and signed by the appropriate staff member of the service provider and the individual with a significant disability or, if consistent with State law and the individual chooses, the individual’s guardian, parent, or other legally authorized advocate or representative.”

We reviewed 41 inactive CSRs and identified 12 files (29%) with unclear or no indication of file closure. Of the 12 files with insufficient file closure documentation, two included COMS notes that insinuated closure or completion of the service. However, their ILPs did not reflect achievement of goals and closure of files. Per CIL management, this is an area for improvement. It is often noted that services have been provided which would justify closing the file, but there is no final note establishing that goals have been resolved (completed or dropped) and the file can be closed. Lack of file closure documentation leaves open-ended questions regarding services. This hinders the DVR contract manager’s ability to verify the file’s duration and ensure all eligible services were rendered; goals were achieved; or if there is a need for continued services.

We additionally identified 11 of the 30 (37%) sampled active files and 12 of the 41 (29%) sampled inactive files which included ILPs reflecting goal start dates established before the ILP signature date ranging from 2 to 180 days for active cases and from 2 to 178 days for inactive cases. For the identified 11 active files, four included COMS notes that indicated the CIL provided services to the customer prior to the ILP being signed, although eligibility was determined prior to providing services. For the 12 identified inactive files, six included COMS notes that indicated the CIL provided services to the customer prior to the ILP being signed, although eligibility was determined prior to providing services for six of the seven files. Best practice would be for the ILPs to be signed the same day as goals are established and prior to services being provided.

CIL management indicated the delay in the signing of the ILPs may be due to the practice of meeting with consumers to discuss developing goals and providing services prior to the consumer signing an ILP. The CIL was also requesting consumers to sign ILPs upon achievement of goals, which lead to inconsistent documentation. If services are rendered prior to the proper execution of the eligibility determination and/or ILP, services can be provided to ineligible consumers and it hinders the CILs ability to demonstrate that the consumers actively participated in the determination of their independent living services and goals.

The total discrepancies identified in the CSRs are outlined in Table 1 and Table 2.

Table 1: Active CSR Review

Discrepancies by Files	Files
Total Active CSR Files	294
Files Sampled (10%)	30
File Notes Indicated Services Were Completed but There Was No Indication of File Closure and the Case Remained Active (3%)	1
ILP With Goal Date Established Before ILP Signature Date (37%) <ul style="list-style-type: none"> o 4 of the 11 had COMS Notes Which Indicated that Services Were Being Provided to the Consumer Prior to the ILP Being Signed (36%) 	11

Table 2: Inactive CSR Review

Discrepancies by Files	Files
Total Inactive CSR Files	829
Files Sampled (5%)	41
Unclear or No Indication of File Closure Noted in the CSR (29%) <ul style="list-style-type: none"> o 2 of the 12 had COMS Notes Which Indicated Closure or Completion of the Service; However, Their ILPs Did Not Reflect Achievement of Goals/Closure of Files. 	12

ILP With Goal Date Established Before ILP Signature Date (29%) <ul style="list-style-type: none"> o 6 of the 12 had COMS Notes Which Indicated that Services Were Being Provided to the Consumer Prior to the ILP Being Signed (50%) o For 1 of the 12 (8%) Eligibility was Determined after Services Were Rendered. 	12
Goal Target Dates Were Not Established on the Signed ILP (5%)	2
COMS Notes Reflect Services were Completed July 5-12, 2019, Before the ILP was Established. The ILP was Signed July 24, 2019.	1
Documentation was Not Provided Permitting Client's Spouse Signatory Authority on Client's Behalf. (2%)	1

Recommendation

We recommend the CIL improve disability verification practices and documentation by including an eligibility determination statement in the CSR. We additionally recommend the CIL establish IL plans with consumers prior to rendering services. We recommend DVR include a review of CSRs in its monitoring activities and ensure consumers have been deemed eligible for services in accordance with the federal regulations.

DVR Management Response

Concur. VR will include a review of CSRs in its monitoring activities to ensure consumers have been deemed eligible for services in accordance with the federal regulations during the bi-annual monitoring of the CIL in Central Florida.

CIL Management Response

Concur. CIL concurs that there were three consumer service records (4%) that did not have signed and dated eligibility documentation before or at the time of the development of the IL plan or services and that currently there is not a specific eligibility determination statement in the CSR. CIL has always documented (but not signed) an individual's disability prior to the person becoming a consumer and developing an ILP or waiver. This is done at the information and referral (IR) level and notated and dated in a contact note that is merged into the consumer record if and when the individual becomes a consumer and signs all applicable documentation. Our IR procedures specifically state that disability is established before they are referred to any CIL program for services. We will develop and implement a separate eligibility determination form documenting reported disability and eligibility determination date. This will be printed and signed and added to the consumer record. As for the second part of the recommendation, CIL currently develops IL plans prior to or at the same time that services are rendered. However, in some instances the plan may be developed with the consumer over the phone, initiating services, with the signing of the ILP occurring in the future when staff meet face-to-face with the consumer. Best practice is to assure that the signed and dated plan indicates plan creation concurrent with or prior to services rendered.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the Department of Vocational Rehabilitation Office and staff, as well as the Center for Independent Living in Central Florida, Inc. and their staff, for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Bradley Rich, MS and supervised by Tiffany Hurst, CIA, Deputy Inspector General.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at 850-245-0403. Copies of final reports may be viewed and downloaded via the internet at <http://www.fldoe.org/about-us/office-of-the-inspector-general/audit-reporting-products.stml>. Copies may also be requested by telephone at 850-245-0403, by fax at 850-245-9419, and in person or by mail at the Department of Education, Office of the Inspector General, 325 West Gaines Street, Suite 1201, Tallahassee, FL 32399.