



REVIEW OF VOCATIONAL REHABILITATION PROGRAM

**From The Office Of State Auditor
Claire McCaskill**

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PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

February 2004

Improvements needed in the management and oversight of the Division of Vocational Rehabilitation's Employment Program

The Division of Vocational Rehabilitation provides specialized services to individuals with disabilities that prevent them from either obtaining employment or maintaining current employment. Program expenditures totaled \$65 million (state and federal funds) for the federal fiscal year ending September 30, 2002. Auditors found the validity of program achievements are questionable and the inadequacy of case management has resulted in unnecessary assistance.

Validity of program achievements questionable

In annual reports, required by federal regulations, the division reported successfully closing an average of 70 percent of cases through fiscal years 1998 and 2002. However, our review disclosed success rates reported might have been overstated because about one-third of sampled employment outcomes were questionable. Counselors had not always followed division guidance when authorizing substantial rehabilitation services, and in determining whether participants had achieved and maintained suitable employment for the required timeframe. (See page 5)

Employment information not adequately supported

We found counselors had not adequately supported case closure information on sampled cases reported as closed successfully and therefore the success rates may have been overstated. This occurred because division guidance did not require counselors to obtain adequate support for employment information or to document the source of employment information before closing cases. (See page 6)

Cases were not closed in a timely manner

Division guidance does not address timeframes for closing cases when the participant cannot be located. While it is appropriate to put cases in interrupted status temporarily, the average case in this status had been idle for 10 months. Several counselors stated that delays in closing cases occur, in part, because of a perceived need to meet success goals mandated by the federal government and high caseloads. (See page 7)

Financially ineligible individuals may have been admitted to the program

Auditors reviewed 30 sample cases and disclosed 24 participants received services based on financial need. Further review disclosed 12, or one-half of these participants received program services and assistance totaling approximately \$49,000, based on incomes that were unverified or exceeded program guidelines, and therefore may have been ineligible for assistance. (See page 10)

YELLOW SHEET

Comparable services not considered in all cases

Counselors did not document the consideration of comparable services for 65 percent of sample cases reviewed. Had comparable services been considered, the division may have avoided authorizing some portion of the \$61,000 in services and assistance to program participants. (See page 12)

Quality control deficiencies have contributed to inadequate case management

Auditors found weaknesses in the guidance and supervisory review of cases. Program officials had not ensured reviews of counselors' cases were performed and documented. In addition, auditors found numerous discrepancies between data shown on participant applications and the division's computer system. The division should implement guidance requiring personnel to ensure the reliability of computer-generated data especially since this is the program data submitted to the U.S. Department of Education. (See page 15)

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ABBREVIATIONS

IPE	Individual Plan for Employment
SAO	State Auditor's Office



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
D. Kent King, Commissioner of Education
Department of Elementary and Secondary Education
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The Division of Vocational Rehabilitation (division) spent \$65 million in state and federal funds on services and assistance provided to disabled individuals in federal fiscal year 2002, helping those individuals achieve and maintain employment. Because of the importance of ensuring disabled individuals get much needed assistance to become more employable, the review focused on the division's management and oversight of the vocational rehabilitation employment program (program). Review objectives included determining the validity of accomplishments reported by the division and whether improvements are needed in case management efforts.

Improvements are needed in the division's management and oversight of the program. We found division officials have not ensured the validity of program results (employment successes) because division personnel have not always (1) followed division guidance when authorizing rehabilitation services, and determining whether participants achieved and maintained suitable employment, (2) adequately supported employment information, and (3) closed cases in a timely manner. As a result, program outcomes reported to the federal government may have been overstated. Improvements in case management are needed because officials have not ensured (1) only eligible individuals participated in the program, (2) comparable services were considered in all applicable cases, and (3) counselors adhered to division guidance when authorizing services to participants. Quality control deficiencies have also contributed to inadequate case management. As a result, some participants have received unnecessary services and assistance.

We have included recommendations to the Commissioner to improve the accuracy of accomplishments reported and case management efforts.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances. The department provided comments in a meeting on November 13, 2003, and in a letter dated December 1, 2003. We have incorporated these comments as appropriate. We conducted our work between November 2002 and August 2003.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire C. McCaskill
State Auditor

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RESULTS AND RECOMMENDATIONS

Improvements Needed in the Management and Oversight of the Division of Vocational Rehabilitation's Employment Program

Improvements are needed in the management and oversight of the division's employment program because division officials have not ensured the validity of program results or the adequacy of case management efforts by division counselors. Division counselors have not always (1) followed guidance when authorizing services and determining achievement of suitable employment, (2) adequately supported employment information, and (3) closed cases in a timely manner. As a result, program outcomes reported to the federal government may have been overstated. Improvements are needed in case management because program officials have not ensured (1) only financially eligible individuals participated in the program, (2) comparable services were considered in all applicable cases, and (3) counselors adhered to division guidance when authorizing services. Quality control deficiencies have also contributed to inadequate case management. As a result, some participants have received unnecessary services and assistance.

Background

Program expenditures totaled \$65 million (state and federal funds) for the federal fiscal year ending September 30, 2002. The division provides specialized services to individuals with disabilities that prevent them from either obtaining employment or maintaining current employment. Twenty-eight district offices are maintained statewide in addition to the central office located in Jefferson City. Each district office is comprised of district managers, counselors, and administrative personnel. Regional managers are located in some of the district offices. They are responsible for the oversight of several district offices, and they report to program officials.

Program applicants are assessed for eligibility based upon the following four criteria.

- The applicant must have a physical or mental impairment which has been determined by qualified, licensed or certified personnel in accordance with state law or regulation.
- The applicant's impairment must constitute or result in a substantial impediment to employment.
- The applicant must be able to benefit in terms of an employment outcome from services provided.
- The applicant must require services to prepare for, enter into, engage in, or retain gainful employment consistent with the applicant's strengths, resources, priorities, concerns, abilities, capabilities, and informed choices.

Counselors are responsible for determining and documenting the assessment of eligibility. Once determined eligible, counselors can authorize services for program participants, such as guidance and counseling, and services from contractors or other

facilities, such as vocational assessments, job coaching, and college training. Some participants receive restorative services or equipment such as surgeries or eyeglasses to correct impairments. The types of services vary depending on the needs and eligibility of each participant, and some services are based upon participants' financial need.

Division officials are required to include program statistics in an annual report in accordance with federal regulations. The program's success rate is among these statistics and is calculated by dividing the number of cases counselors closed successfully by the total number of cases closed (successfully and unsuccessfully) during the federal fiscal year. The division reported success rates of about 69 percent to about 72 percent for federal fiscal years 1998 through 2002, and averaged 70 percent for those years.

Methodology

To determine the purpose of the program and understand program requirements, we reviewed applicable federal and state regulations, program policies and procedures, annual reports, and other program records. We also interviewed program officials.

To determine the validity of program achievements and adequacy of actions taken by counselors, we reviewed a random sample of participant cases. We identified cases closed during the period of October 1, 2001 through September 30, 2002 (federal fiscal year 2002), as well as October 1, 2002 through February 28, 2003. From the identified universe of closed cases, we eliminated cases which were closed before services were provided to participants, leaving a universe of 9,377. We then randomly selected 103 cases for review. Due to the time it took to perform a thorough review of a case, we limited the number of sample cases to 30, based on the number of cases represented by each office in the initial random sample. Sampled cases represented 11 district offices in 6 cities throughout the state. In discussing the sample, program officials agreed the limited sample and locations selected accurately and fairly represented the program. Counselors authorized services and assistance totaling \$166,000, for the 30 sampled cases.

We reviewed sampled cases to determine the validity of employment outcomes by assessing whether counselors followed division guidance when (1) determining participants' eligibility for assistance, (2) providing assessments of participants' needs and authorizing services, and (3) determining whether suitable employment goals had been achieved. We also determined the adequacy of employment outcome information and whether case closures had been timely.

To determine the adequacy of case management, we determined whether ineligible individuals had been admitted to the program, comparable services had been considered in all eligible cases, and decisions to authorize services conflicted with division guidance. We also assessed the adequacy of quality control procedures pertaining to counselors' cases and the reliability of computer generated data.

To determine the rationale used by counselors in taking certain case actions, we interviewed 24 counselors responsible for sample cases reviewed. In addition, we interviewed selected district managers, regional managers, and other program officials to obtain program information.

While we did not rely on the accuracy of computer data during our review, we tested 243 data elements to ensure data submitted by participants agreed with data on the division's computer system and found 27 (11 percent) discrepancies. See page 16 for more information regarding data reliability.

Validity of program achievements questionable

Our review disclosed about one-third of sampled employment outcomes were questionable because counselors had not always followed division guidance in authorizing substantial rehabilitation services, and determining whether participants had achieved and maintained suitable employment for the required timeframe. In addition, participants' employment information had not been adequately supported and some counselors were reluctant to close inactive cases.

The division's policy and procedure manual provides guidance for closing a case as successful. It stated a participant with a disability must, at a minimum, have been (1) determined to be eligible for vocational rehabilitation services; (2) provided an assessment for determining eligibility and vocational rehabilitation needs, and counseling and guidance as essential vocational rehabilitation services; (3) provided appropriate and substantial vocational rehabilitation services¹ in accordance with an individualized plan for employment (IPE); and (4) determined to have achieved and maintained a suitable employment goal for the required period (90-days).

Guidance not followed when authorizing services and determining achievement of suitable employment

Counselors designated 22 of 30 (73 percent) sampled program participants "rehabilitated", or successful. However, our review disclosed 6 of 22 (27 percent) successful employment outcomes were questionable because division guidance had not been followed. The following cases illustrate questionable outcomes.

- A counselor considered a participant eligible for services because a disability restricted continued employment as a restaurant server. Services totaling approximately \$3,100 were authorized for college training. However, after completing the training the participant again obtained employment as a server. The participant's achievement of a suitable employment goal is questionable because re-employment as a server does not meet guidance as a suitable employment goal. The counselor stated it

¹The division's policy and procedures manual defines "substantial services" as any vocational rehabilitation service provided during the participant's program that contributes in an identifiable, positive way to the rehabilitation of the participant.

did not matter the participant had not been using skills received while in college and the counselor classified the participant successful because the participant obtained employment.

- Another counselor provided a participant university tuition and other assistance totaling about \$6,000 to become an engineer. However, the participant's grade point average fell below program guidelines and eventually, the participant stopped attending the university. The counselor considered the participant successful after contacting a member of the family and confirming the participant had obtained employment at a local convenience store. According to division guidance, the counselor's determination of the achievement of a suitable employment goal would be questionable. The counselor defended the successful closure by stating services were provided, the participant obtained employment, and the participant's abilities were possibly maximized by program services.
- One participant received a vocational assessment at a contracted facility, transportation monies, and other services totaling approximately \$800. While records indicate the participant only attended one day of the assessment, according to the counselor, the case was successful because the participant obtained employment and the counselor contacted the participant throughout the 90-day period after obtaining employment. However, we found continued contact had not been documented in the case file. Furthermore, the counselor stated a case is closed successfully when a supervisor states it is acceptable. According to division guidance, participants must receive appropriate and substantial services. However, this participant only attended one day of an assessment.

Of the remaining 3 cases, 2 participants obtained employment which did not relate to employment objectives listed on respective IPEs, and the other participant obtained employment but quit during the required 90-day period. However, the participant's spouse stated the participant obtained another job, so the counselor considered the case a success and closed it accordingly. Services provided to these 3 participants totaled approximately \$19,000.

Employment information not adequately supported

Counselors did not adequately support closure information on two key documents—the closure IPE and closure statement—on 22 sampled cases which had been closed successfully. These documents are required to successfully close cases and are used to report success data to the federal government.

Our review disclosed none of the 22 closure IPEs had been adequately supported because division guidance did not require counselors to obtain adequate support for employment information or document the source of employment information. For example, we found counselors had not obtained information confirming such

things as date of employment or position, or support of participant weekly earnings from a paycheck or earnings statement. We also found sources of employment information included participants' family members, roommates, contracted providers, employers, or other agencies when participants could not be contacted, according to counselors. For example, one counselor attempted to contact a participant, but instead reached a roommate. The roommate indicated the participant was at work, so the counselor proceeded to close the case successfully. Another counselor stated when the place of employment is contacted and personnel indicate the participant is working that day, there is enough evidence to successfully close the case.

While division guidance requires the closure IPE be completed to successfully close a case, it does not address how employment information is to be supported or where to obtain this information. The closure IPE includes information such as the participant's date of employment, weekly earnings, number of hours worked, position, and employer. It also includes information about the types of public assistance received and employer insurance provided. The guidance also states when possible, each closure IPE is to be signed by the participant. We believe sound business practices dictate adequately supporting information used to successfully close cases and report program results to the federal government.

Our review of closure statements on sampled cases also disclosed counselors had not adequately supported decisions to close 22 cases successfully. For example, none of the 22 closure statements contained specific information describing how participants were suitably employed. Instead, 16 (73 percent) of 22 closure statements included non-specific, standard language, while the remaining 6 (27 percent) contained no information on suitability of employment. In addition, 17 (77 percent) of 22 closure statements only contained a check list of the services provided.²

Division guidance also requires completion of the closure statement to successfully close cases. The statement is used to document substantial services provided as well as the impact of services on the participant's employment. Also, the counselor must document how the participant is suitably employed. Division guidance requires consideration of these factors.

Cases were not closed in a timely manner

Our review disclosed 10 of 30 sampled cases had not been closed in a timely manner.³ Delays in closing cases have occurred, in part, because of counselors' perceived need to meet success goals mandated by the federal government and high caseloads. Only closed cases are used in the success rate calculation

²The remaining 5 (23 percent) closure statements included detailed information about the services provided to participants and how those services impacted employment.

³We analyzed the amount of time between the date of closure and the last time the counselor actually talked directly to, or met with, the participant.

reported to the federal government. Therefore, if inactive cases are not closed, the success rate is not affected.

Division guidance does not address timeframes for closing cases when the participant cannot be located. However, a program official stated counselors should make 3 attempts to contact the participant, and close the case within 3 months if there is no response. We believe sound business practices dictate division guidance address timeframes for closing cases instead of the division's current practice of leaving cases open indefinitely.

When asked why some cases are held open, 6 of 24 counselors interviewed indicated they felt pressured to only close cases successfully. Three counselors stated they needed a district supervisor's permission before a case could be closed. One of these counselors spoke directly about the pressure to meet the federal requirement stating, "We have to get the supervisor's permission; they see if we need the numbers. We must have like a 76 percent success rate."

Counselors felt pressure to meet federal goals

The following comments were also made.

- "Successful closures are the name of the game. Counselors close when the district supervisor lets them close the case."
- "We are told, 'don't close cases (unsuccessfully)'."
- "(We are) encouraged to hang on. I don't close (cases), I hold them until I locate (participants). (We are) also encouraged to put cases in (an interrupted) status; that status is getting large."

At our request, division officials provided us with a report, dated August 27, 2003, of cases placed in interrupted status. The report disclosed 296 cases⁴ where counselors interrupted services because program participants could not be located. While it is appropriate to put cases in this status temporarily, the report revealed the average case had been idle for 10 months. We found 12 (40 percent) of the 30 sampled cases also disclosed instances of infrequent contacts. The time between documented contacts ranged from 4 months to 26 months.

According to division guidance, a characteristic of good case management is carefully monitoring the progress of all cases throughout the delivery of services. However, division guidance does not specify exact time intervals between contacts. We believe sound business practices dictate division guidance address time intervals between contacts.

⁴These cases do not represent the total population of program participants which cannot be located. This report included cases put into interrupted status by counselors within the 28 district division offices. However, we noted idle cases in other statuses, or stages of the rehabilitation program, during our review.

In general, counselors stated the time between contacts is based on the responsibility of the participant. Participants exhibiting more responsibility (i.e., college students) could be contacted less often than those who appear to be less responsible. When discussing frequency of contacts, three counselors made the following comments.

- "It depends on how busy I am. However, this is not a priority since (participants) need to take a positive approach towards their rehabilitation."
- "If (participants) wanted guidance, they would find the counselor. Counselors are helping (participants) that really want help."
- "Monthly, but that is hard to do with 200 cases."

According to a program official, participants sometimes drop out of the program due to various hardships they face with their disabilities, and counselors sometimes cannot locate participants because of infrequent contacts. In addition, counselors should use all available resources to locate participants, however, cases should be closed after three attempts are made to locate them and closure should be completed within 3 months, according to the official.

Eight other counselors indicated cases were held open because they did not like to have unsuccessful closures. The following are examples of comments made by counselors and one district supervisor.

- "I keep cases open until the (participant) resurfaces, because I do not like to close the case unsuccessfully."
- "More effort is made to locate the (participant) in closing successful if money is spent, because we want credit for (the participant's) employment."
- "I will keep the case open a couple of years in case the (participant) comes back or goes to work, and I can close the case as successful."
- "(I) keep the case open as long as possible until all efforts are exhausted, because I don't like (unsuccessful closures)."

Six of 24 counselors stated it had been difficult to properly manage cases due to high caseloads. Three of these counselors specifically stated caseloads prevented timely contacts with participants. Of those interviewed, 21 full-time counselors had an average caseload of 149 cases,⁵ and 3 part-time counselors were managing an average of 94 cases. Nine full-time counselors' caseloads exceeded 149 cases, with the largest caseload being approximately 250 cases. One part-time counselor's caseload totaled 142 which nearly equaled the caseload of a full-time counselor. Caseloads increased from the prior year for 5 full-time counselors.

⁵Division officials established a caseload goal for federal fiscal year 2004 of 110 cases.

Inadequate case management has resulted in unnecessary assistance

Improvements in case management are needed because division personnel have not ensured (1) only financially eligible individuals participated in the program, (2) comparable services have always been considered, and (3) counselors followed division guidance when providing services and assistance. Quality control deficiencies have also contributed to inadequate case management.

Financially ineligible individuals may have been admitted to the program

Our review of 30 sampled cases disclosed 24 participants that received services based on financial need. Further review disclosed 12 (50 percent) of these participants received program services and assistance totaling approximately \$49,000, based on incomes that were unverified or exceeded program guidelines.

Counselors are required to obtain financial information from applicants to determine eligibility for services which are based on financial need.⁶ An applicant uses the financial application to report the amount of adjusted gross income (reported income) shown on the participant's, or the parent's most recent federal income tax return. Counselors are required to verify reported income by obtaining income tax returns or other proof of income when tax returns are not filed. If circumstances occurred changing the applicant's financial situation (i.e., a spouse losing a job), the applicant records the current year's income on the financial application. However, division guidance did not require verification of current income.

Most counselors interviewed stated they use current income to determine financial eligibility, and 4 (17 percent) of 24 counselors interviewed stated the participant's word is accepted for current income shown on the financial application. One counselor told us common sense is used to determine the participant's situation and financial eligibility. Another counselor said it is difficult to verify estimated income used for eligibility. We believe sound business practices dictate counselors obtain some proof of the income which the applicant is receiving at the time of application (i.e., a current payroll check stub) to validate the amount of current income reported on the financial application.

Table 1 illustrates why we believe the financial eligibility of participants was questionable for half of the cases reviewed.

⁶ Federal regulations do not require the consideration of financial need. However, federal regulations allow states to base eligibility on financial need.

Table 1: Questionable Financial Eligibility

Reasons	Number of Participants	Percentage of Cases Reviewed
Eligibility based on unverified current income	5	21
No tax return or proof of public assistance obtained	5	21
Reported and current income exceeded guidelines	2	8

Source: Participant case files

The following examples illustrate cases where we questioned the financial eligibility of participants.

- One participant received \$15,000 in tuition, fees and textbook assistance based on current income. The counselor subsequently obtained tax returns showing the participant's actual income significantly exceeded current income and program guidelines. However, the counselor continued to authorize assistance even though the participant had never been financially eligible. The counselor told us the district manager instructed counselors to base eligibility on current income.
- One counselor authorized \$18,000 in assistance for hospitalization and surgery costs for a participant. The participant's reported income of \$19,300 exceeded program guidelines by \$2,000. However, the participant was considered eligible based on current income, according to the counselor. No attempts to verify the amount of current income were made.
- Another counselor provided tuition, fee, and textbook assistance to a participant totaling approximately \$7,000, to attend an out-of-state college. However, the financial information in the participant's case file showed the amount of unverified current income reported by the participant's parents exceeded financial guidelines by \$20,000, and the counselor never documented any reason for considering this participant financially eligible. In addition, there was no documentation to suggest it was necessary for the participant to attend an out-of-state college. This counselor left the division and the successor counselor properly discontinued assistance after noting the parent's income exceeded guidelines. When asking about this case, we learned the successor counselor had questioned why the previous counselor sent the participant to an out-of-state college or to photography school without justification.
- Undergraduate tuition and other educational fees totaling about \$4,000, were paid to an out-of-state university on behalf of one participant. The family reported current income of \$35,000, which the counselor had not verified. While the \$35,000 exceeded guidelines, the counselor admitted the applicant to the program and reduced the assistance by the amount the family's current income exceeded guidelines which is permissible under program guidelines.

Another counselor took over the case and continued to authorize tuition assistance on behalf of the participant for the next year. However, the counselor did not obtain tax return information for the previous year, and had not determined whether the participant's parents had exceeded income guidelines and were still eligible to receive assistance. The counselor did not authorize any assistance in the third year because the participant informed the counselor the parent's income exceeded guidelines.

Comparable services had not been considered in all cases

Our review of sampled cases disclosed that case managers had not documented comparable services on 17 (65 percent) of the 26 cases requiring consideration of comparable services. Services and assistance provided to the 17 participants totaled about \$61,000. Counselors documented comparable services were considered for 9 (35 percent) of the 26 cases. The 9 case files contained proof participants applied for financial aid for those receiving tuition assistance and bids for participants receiving assistance buying restorative equipment.

Federal regulations and division guidance requires counselors to (1) determine whether comparable services and benefits exist under any other program, (2) determine whether those services and benefits are currently available to the individual, (3) utilize comparable services to meet, in whole or in part, the cost of the division services, and (4) obtain reimbursement for any overlap in benefits when benefits exist under any other program but are not currently available to the division.

Division guidance also states each counselor must be knowledgeable of all the types of comparable services and benefits available to participants. It also states counselors must initiate first contact, in many instances, to secure comparable services for the participant. The guidance also requires each counselor to document the search, availability and utilization of comparable services.

The following are examples of the types of services and assistance provided.⁷

- Maintenance and transportation assistance had been given to 13 (50 percent) of 26 participants. Maintenance is typically provided for the cost of meals and transportation is usually given to cover the costs of traveling to facilities for services such as the cost of a bus pass or other public transit.

One counselor told us comparable services were not considered before these services were authorized because there were no comparable services for maintenance or transportation for participants other than seniors. Again, division guidance requires the full consideration of comparable services for both of these types of assistance.

⁷One or more services may have been provided to the 26 participants.

- Two (8 percent) of 26 participants received assistance toward tuition, fees, and textbooks totaling \$10,400. However, there was no proof one of the participants applied for financial aid, and while the other participant applied, there is no documentation of the results or the application of any financial aid awarded. When asked why one participant had not been required to apply for financial aid, the counselor told us the college did not accept Pell grants. However, we found the college accepts Pell grants and other financial aid.
- Counselors authorized surgeries for 2 (8 percent) of 26 participants without evidence of comparable services. Participants received benefits totaling \$20,300. One counselor stated participants are asked whether they have applied for Medicaid, and in one case physical restoration services were provided, but the participant had no insurance. However, there was no evidence in either case file supporting counselors had verified participants applied for Medicaid, or whether participants had medical insurance.
- Supported employment services were provided to 7 (27 percent) of 26 participants. These are services provided to participants with the most severe disabilities by a community rehabilitation program under agreement with the division. The goal is to place these participants in integrated work settings.

When asked why comparable services were not considered for supported employment services, one counselor told us services provided were not financially-need based. However, there is no direct correlation between financially-need based services and comparable services, and division guidance states participants do not have to meet any financial guidelines to be eligible for supported employment services. Another counselor stated comparable services were not applicable for supported employment services. However, division guidance requires full consideration of comparable services before supported employment services are authorized.

When commenting on a draft copy of the audit report, division officials told us even though division guidance requires consideration of comparable services, they are only considered for extended services (i.e., services provided after initial supported employment services). We believe sound business practices dictate officials revise division guidance to reflect this situation.

We also asked the 24 counselors to give examples of the different types of comparable services. Table 2 depicts the counselors' responses.

Table 2: Examples of types of comparable services

Responses	Number of Counselors	Percentage Interviewed
Pell grant	22	92
Insurance, Medicaid, and/or Medicare	16	67
Other grants and scholarships	15	63
Other agencies	4	17
"Gift of Sight" program	3	13
Family and voluntary contributions	2	8
Bidding	1	4
Other	4	17

Source: Counselor interviews

Counselors had different explanations when defining comparable services. For example, 4 (17 percent) of 24 counselors stated Pell grants⁸ and other scholarships were the only comparable services that needed to be considered. However, division guidance requires counselors consider all available comparable services for a substantial number of services offered to participants.

Counselors not always aware of other services

Of the remaining 20 counselors, one defined comparable services as exhausting other possible services in the community. Another counselor defined comparable services as participants using their employment history and experience to help them find a job, and another explained counselors learn about different comparable services through experience.

Decisions to authorize services conflicted with division guidance

Twenty-two of 24 counselors stated they had updated copies of division guidance which they used regularly. However, our review of 30 sampled cases disclosed 11 (37 percent) instances where counselors provided services based on decisions that conflicted with division guidance. The following cases illustrate where counselors provided questionable assistance.

- A counselor authorized tuition assistance totaling \$27,000 so a participant could obtain a graduate degree, after assisting the participant in obtaining an undergraduate degree. Division guidance stated assistance can be given for a graduate degree only when a participant's vocational objective requires academic training beyond an undergraduate level. In addition, the case file must document the participant cannot obtain a job objective without a higher degree.

⁸A Pell grant is a type of federal financial aid. Division guidance requires assistance in educational costs be reduced by the amount of any Pell grant monies awarded to a program participant.

Division guidance also stated the counselor and participant must have made an agreement about the advanced degree prior to the beginning of the participant's third year of training and that the agency's participation in training costs stops when the participant reaches a vocational objective which would be entry level employment.

The participant's case file contained no documentation suggesting a graduate degree had been discussed prior to the time the participant decided to begin the graduate program. In addition, no documentation existed in the case file supporting the participant needed a graduate degree to obtain an entry level position in the participant's career field.

- One participant received tuition, fee, textbook, and maintenance assistance totaling \$13,000. However, after the initial interview with the participant, the counselor documented the participant defaulted on a student loan but would arrange restitution prior to further education. There is no other documentation in the case file regarding the default status.

Division guidance requires counselors to deduct the amount of a Pell grant a participant would have received, if not in default, from the assistance provided by the division if the participant has not pursued repayment of a defaulted loan. The counselor made no deductions from the amount of assistance provided by the division, and no documentation had been included in the case file on whether the participant had made any arrangements to repay the loan.

The counselor could not provide a reason why the defaulted loan had not been considered but acknowledged proof of restitution should generally be made. The counselor also stated, "We err on the side of the (participant) if there is a question."

- Three counselors did not perform annual determinations of participants' income. Division guidance requires counselors to collect financial information from participants annually. While counselors obtained financial information initially, they could not explain why they had not collected updated information in one or more subsequent years. Financially-need based services and assistance provided to these participants totaled \$32,000.

Quality control deficiencies have contributed to inadequate case management

Division guidance sets forth procedures to determine the extent counselors adhere to division policies and procedures and requires supervisors monitor the status of cases to ensure clients receive assistance in a timely manner. However, we found weaknesses in the guidance and supervisory case reviews. We also found the

division lacks guidance requiring personnel to ensure the reliability of computer generated data.

Division guidance required district supervisors to review at least 10 percent of each senior counselor's caseload every year. However, the guidance did not require supervisors to document the reviews, and program officials did not ensure reviews had been completed. In addition to that requirement, district supervisors were required to complete 5 additional case reviews for each senior counselor to help the district supervisor determine whether counselors met criteria set by division guidance and document district supervisors' comments. However, division guidance did not require district supervisors to perform the additional reviews. Review results were to be documented on quality assurance review forms. However, a program official stated the forms had not been utilized by some district supervisors. We believe sound business practices dictate division officials establish guidance ensuring reviews of counselor's cases are performed and documented.

Officials have not ensured reviews have been done

Division guidance also required district supervisors review counselors' caseload review reports each quarter to ensure participants received services in a timely manner.⁹ However, this policy had not been enforced since October 2000 because the division implemented a new computer system during that timeframe and initially, the system did not have the capability of producing the reports, according to a program official. According to division guidance, district supervisors must ensure counselors indicate the date and method of the last contact with the participant, justification for the case remaining in a particular status, and the next action planned. District supervisors are then required to review the report with counselors to determine actions needed to ensure proper case movement.

We also found weaknesses in quality control related to data reliability. For example, our test of 243 computer data entries disclosed 27 errors, or an error rate of 11 percent. Our test disclosed discrepancies between data shown on participant applications and the division's computer system. Nine data reliability items were tested in 27¹⁰ of 30 sampled cases. There were no discrepancies noted on participants' names, genders, or birth dates. However, Table 3 illustrates discrepancies noted during the data reliability test.

⁹According to division guidance, status numbers are assigned to cases internally to identify the position of the case throughout the rehabilitation process so case movement is orderly and structured. This report depicts the status of all cases and how long cases have been in that status. For example, some counselors place cases in an interrupted status for an extended period because they cannot locate participants.

¹⁰Data for three cases were not tested because the data had been archived and were not readily available.

Table 3: Data Reliability Test Results

Criteria	Discrepancies	Discrepancy Percentage
Income and Resources ¹	12	44
Disability Classification	8	30
Employment Status ¹	3	11
Educational Level ¹	2	7
Disability ¹	1	4
Family Size	1	4
Total	27	100

¹This data element is required to be reported to the U.S. Department of Education

Source: SAO analysis of participant case files.

Division guidance did not address quality control procedures to ensure participant data had been correctly entered in the division's computer system. Because division officials are required to submit participant data to the U.S. Department of Education, we believe sound business practices dictate the division's computer system reflect accurate data.

Some counselors stated the errors occurred because all data had not been imported from the division's prior computer system during the conversion to the current computer system. Other counselors explained administrative personnel entered the participant data using the best known information at the time of entry. However, they may not have changed the data once more current information became available.

Conclusions

A substantial number of sampled employment outcomes reported for fiscal year 2002 were questionable because counselors had not always (1) followed division guidance in determining whether participants had achieved and maintained a suitable employment goal for the required period of 90 days and (2) authorized appropriate and substantial vocational rehabilitation services in accordance with participant IPEs. In addition, counselors had not always adequately supported participant employment information and used vague, standardized language to document reasons for closing cases successfully. Counselors also had not always closed cases in a timely manner because counselors felt pressured to close cases successfully or did not like unsuccessful closures. As a result, program officials may have overstated successful employment outcomes reported to the federal government.

Unnecessary assistance has been provided to some participants because of inadequate case management. Counselors have allowed financially ineligible individuals to participate in the program. One-half of sampled participant cases, requiring services based on financial need, had been admitted to the program based on unverified incomes or incomes exceeding program guidelines. Counselors failed to obtain tax return information or proof of current incomes from applicants. Instead, some counselors

merely accepted the word of the applicant. We believe sound business practices dictate counselors obtain some proof of current income.

In addition, counselors had not documented the consideration of comparable services for 65 percent of sample cases reviewed. Had comparable services been considered, the division may have avoided authorizing some portion of the \$61,000 in services and assistance to program participants. While division officials stated comparable services did not apply to supported employment services, there continues to be a dichotomy between division guidance and current practices.

Counselors also authorized services and assistance to participants in a substantial number of sampled cases based on decisions which conflicted with division guidance. The division's inadequate quality assurance guidance, and the lack of enforcement of that guidance, has contributed to inadequate case management. Supervisors are not required to document reviews of counselors' case files or monitor the movement of cases throughout the rehabilitation process. Also, procedures have not been developed to ensure data is accurately entered in the division's computer system. Because of these deficiencies, counselors' errors have gone unnoticed, unnecessary assistance has been provided to participants, and the computer system contains incorrect data.

Recommendations

We recommend the Commissioner of Education:

1. Ensure division personnel adhere to division guidance in classifying case outcomes.
2. Require division personnel adequately justify and document employment information on the closure IPE and closure statement.
3. Develop guidance establishing timeframes for closing all cases, successful or not, and the frequency of contacts with participants.
4. Require division personnel obtain proof of reported income to determine eligibility of applicants.
5. Develop guidance requiring division personnel obtain proof of current income to determine eligibility of applicants.
6. Require division personnel document the consideration of comparable services for all applicable cases and clarify guidance pertaining to supported employment services.
7. Require division personnel adhere to division guidance when authorizing services and assistance for participants.

8. Establish detailed guidance specifying quality control procedures to ensure periodic reviews of counselor cases are documented and are monitored for timely movement, and data on the computer system is accurate.

Agency Comments and Our Evaluation

In a letter dated December 1, 2003, the Commissioner of Education provided the following comments.

1. *We concur with the recommendation and will develop guidance and training on employment verification and documentation of employment outcomes. In addition, the division has developed a method to support employment verification. The division will work with the UMC (University of Missouri-Columbia) Department of Economics to develop a method of verifying employment by matching closure information with Unemployment Insurance (UI) wage records.*

Auditor's Comment: We do not believe it is necessary to incur costs to contract with the university when employment verification could be performed by division personnel.

2. *The division will conduct additional training on this issue. However, the closure statement (which contains a checklist of services) and employment verification process are in compliance with federal regulations and have previously been reviewed on numerous occasions by the Rehabilitation Services Administration (RSA). The division uses a variety of methods to verify employment information, including contacting the client, family members, job placement personnel, etc., to verify employment. In all cases, successfully employed individuals receive a copy of their closure IPE via mail and are given an opportunity to sign and/or revise any information on the IPE, including earnings, hours worked, dates of employment, etc.*
3. *We concur with the recommendation and plan to develop guidance and training for staff on closure timeframes and frequency of contacts. The comment from our employee stating that the division's interrupted status is growing large is not accurate. A review of the division's status for cases in "interrupted status" for three years prior to the implementation of the success rate calculation, finds the following: September 2000, 9.5%; September 1999, 9.2%; February 1998, 8.6%; while August 15, 2003, it was 9.2%. The division also believes that making an effort to "re-engage" individuals who are in interrupted status and/or hard to locate is important. A disproportionate percentage of individuals in this group are minorities who often encounter difficult barriers to completing services such as homelessness, child care, transportation, disability relapse, etc. As an example, the division has already started one pilot project focusing this population. Thus far, the pilot shows a 36% re-engagement rate for clients in interrupted status.*
4. *We concur with the recommendation. Without opportunity to review the individual examples listed in the report, we are unable to determine if the individuals*

participated in any costs of services, were classified as dependent or independent on their financial application or had out-of-pocket disability related expenses. These circumstances would be exceptions to our financial need guidelines, as specified in our administrative rules.

5. *We concur with the recommendation.*
6. *We concur with the finding that our staff needs to document the consideration of comparable services for all applicable benefits. The division is in the process of revising its guidance on comparable services and proper documentation. The division notes that not all services have available comparable services, e.g., supported employment services, maintenance and transportation. Federal regulations specifically list job-related services, including follow-along (supported employment) services, exempt from obtaining comparable services.*
7. *We concur with the recommendation. The division is revising the current guidance and administrative rules to reflect the RSA Policy Directive which outlines policy on establishing an employment goal. This is applicable to the examples listed in the report in which a graduate degree was authorized. This policy directive clarifies that services will be provided consistent with their strengths, resources, priorities, concerns, abilities and capabilities, including informed choice. According to the federal directive, authorization of a graduate degree program may be indicated if the individual had not reached the level of employment that is consistent with their abilities, capabilities, etc., as mentioned above.*

The audit infers that the division may in some way be wasteful in its utilization of college training. It should be noted that at UMC, the persistence to graduation rate is 57% in six years. At SMSU, the rate is 56% in six years. The division believes its persistence to graduation rate with person with disabilities is greater than these two examples. The division will work with the Department of Higher Education to determine a persistence to graduation rate with VR supported students with disabilities.

8. *We concur with the recommendations and are in the process of developing guidance on quality assurance reviews. It is now a practice of the division to require all district supervisors to review a percentage of their counselors' files every year. This review is a criterion in the district supervisory performance appraisal and monitored by the Regional Managers. In addition, the division is in the process of implementing a quarterly caseload review which will address timely movement of cases as addressed in the report. Supplemental reviews are also held in each district office every other year. In a supplemental review, approximately ten (10) files are evaluated for each counselor for compliance to program guidelines. Regarding the issue of data reliability mentioned in the report, a team of individuals has been assigned to work on the computer screen discrepancies.*