Office of Inspector General
TPCA – Bay County School Board

Report #A-1415DOE-022 **September 2016**

Executive Summary

In accordance with the Department of Education's fiscal year (FY) 2014-15 audit plan, the Office of Inspector General (OIG) conducted an audit of the Division of Vocational Rehabilitation's (DVR) contract with the Bay County School Board. The purpose of this audit was to determine whether Bay County School Board has complied with terms and conditions of the agreement #15-113, and to identify the liabilities or risks presented to DVR as a result of the agreement. During this audit we noted that, in general, DVR had sufficient controls in place to govern the Third Party Cooperative Arrangements (TPCA). However, there were instances where improvements could be made to strengthen some of these controls. For example, we cited instances where the school district did not submit the Community Based Work Experiences (CBWE) rating forms to DVR; school district expenditures did not conform to the agreement; and invoices were not approved timely. The Audit Results section below provides details of the instances noted during our audit.

Scope, Objectives, and Methodology

The scope of this audit included transition services provided through the TPCA for the period of August 28, 2014, through June 30, 2015. We established the following objectives for our audit:

1. Determine if DVR effectively manages and monitors the TPCA for compliance;
2. Determine if the school district provides services in accordance with the terms and conditions of the TPCA; and
3. Ensure payments were made in accordance with the TPCA.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; reviewed the TPCA and related documents; reviewed applicable departmental policies and procedures; interviewed appropriate department and Bay County School Board personnel; conducted a site visit; reviewed a sample of invoices and supporting documentation; reviewed student files; and evaluated management controls.

Background

The TPCAs provide an innovative approach to creating or expanding CBWEs and career exploration activities for VR transition students. The agreements provide full-time-equivalent (FTE) school district employment specialists through cost sharing between DVR and Florida Local Education Agencies (LEA). These positions provide work experiences for VR Transition

Students with individualized plans for employment that need guidance in developing appropriate work skills, attitudes, and behaviors required to plan for and achieve successful postsecondary employment. The TPCAs provide a means for DVR staff to work more collaboratively with LEAs and engage students with disabilities earlier, thereby allowing a seamless transition from high school to postsecondary education, training, or employment.

DVR entered into TPCA #15-113 with Bay County School Board for the period of August 28, 2014, through June 30, 2015. The fixed price agreement provides funds for services to be provided by up to two FTE school district employment specialists in the amount of $62,960.00, while requiring Bay County School Board to provide non-federal contributions in the amount of $17,040.00 to meet the match requirements. The agreement requires each employment specialist to assist at least six DVR transition students with individualized plans for employment by the end of the school year to gain and maintain work experiences through paid or unpaid CBWEs.

Audit Results

Finding 1: The school district did not submit the CBWE rating forms to DVR

Section C.5., Attachment A of agreement #15-113 requires the school district to submit a CBWE rating form for each student to the DVR counselor for approval at the end of each month via the Rehabilitation Electronic Billing Application (REBA) TPCA system. Section C.1., Attachment A of the agreement also requires DVR to "maintain copies of all CBWE reports in the VR case record."

During the review period, the school district did not submit the CBWE rating forms via the REBA TPCA system. Both the school district and DVR also confirmed that the school district did not submit the CBWE rating forms to DVR.

Twenty-one students were referred to the school district prior to the beginning of the school year 2014-2015, and DVR referred 15 new students during the school year 2014- 2015. We reviewed the student files for all 36 students and determined 26 students were provided with CBWE during the school year 2014-2015; however, 19 of the 26 student files (73%) lacked CBWE rating forms or did not contain CBWE rating forms for every month that the student was employed. This was due to the school district's failure to obtain CBWE rating forms for each employed student. Lack of CBWE rating forms hinder the school district and DVR's ability to monitor student progress in postsecondary employment and ensure students are receiving the appropriate assistance in developing skills needed for successful employment.

Recommendation

We recommend the school district submit the CBWE rating forms for each student each month that the student is employed. We further recommend DVR ensure the school district submits the CBWE rating forms in accordance with the agreement terms and maintain copies of the reports in the case record per the agreement.

DVR Management Response

DVR will provide technical assistance to Bay County School Board (SD) to ensure that the CBWE rating forms are submitted to DVR per contract requirements. DVR will also update contract wording for the next cycle to better address CBWE rating form process requirements.

Bay County Management Response

During the review period, the Employment Specialists failed to submit all CBWE rating forms each month. Unfortunately, the Employment Specialists were under the impression only one rating form was needed for each CBWE experience period. We provided paper copies, but those reports could not be put in REBA reporting system after the fact. This area of concern has been addressed. Beginning in the 2015-2016 school year, employer rating forms are now entered into REBA monthly for those students participating in CBWE.

Finding 2: School district expenditures did not conform to the agreement

Agreement #15-113 states, "DVR funding will be for deliverable services provided by up to two (2) Full-Time-Equivalent (FTE) School District Employment Specialist (ES) positions that will provide Supported Employment (SE) services to VR Transition Students with an implemented SE Individualized Plan for Employment (IPE)." Section D., Attachment A of the agreement further states, "This is a Fixed Price Contract not to exceed $62,960.00 for the 2014-15 school year. The School District shall provide non-federal funds to VR in the amount of $8,520.00 for each ES that will be providing service under this Arrangement." The agreement also requires the contractor to return any unearned funds or funds disallowed and states expenditures are only allowable to the extent they were incurred during the funding period of August 28, 2014, through June 30, 2015.

We reviewed the school district's accounting records of expenditures for DVR funding and the match funding. The accounting records included salaries and salary related expenditures of three employment specialists. Per the school district exceptional student education director and the DVR contract manager, "the VR grant funds remaining after paying the salaries of two employment specialists would be left to the discretion of the school district." Based on our review of REBA, we determined the third employment specialist did not provide services to DVR transition students during the school year 2014-15. Therefore, the expenditures incurred for this employment specialist were not necessary, reasonable, and allowable in providing CBWE services under agreement #15-113. Of the $58,688.85 total expenditures reported in the general ledger for DVR funding, $21,867.25 was attributable to the third employment specialist whose time and effort were not dedicated to providing services under the agreement.

Charging for unallowable expenses can result in the school district receiving funds for expenses not related to the agreement. This can also lead to students not receiving services as specified in the agreement.

Recommendation

We recommend the school district ensure funds are spent in accordance with the agreement. We recommend DVR more closely review expenditures to ensure they are appropriate and align with the agreement. We further recommend DVR review previous and current expenditures for unallowable expenses, such as those identified in our audit, and seek repayment from the school district for those expenses deemed unallowable.

DVR Management Response

DVR Contracts and Field Services' staff will establish what defines appropriate expenditures as they relate to the TPCA agreement and educate school districts regarding allowable expenditures. DVR is not seeking repayment of funds from the school district, as further review of the expenditures revealed there was a Contract Manager and DVR Field services training issue. The Bureau of Vendor and Contracted Services will address this issue and take appropriate action.

Bay County Management Response

In the 2013-2014 school year, Bay District Schools employed three Employment Specialists, paid through the VR TPCA. This was allowed by the TPCA for 13-14. On June 5, 2014 we were notified that the number of Employment Specialists per district could not exceed two for the 14-15 year, However, the amount of money we would receive under the 14-15 TPCA, $62,960, was sufficient to employee three persons as Employment Specialists as we had done in 13-14. At this point, we asked the ESE job coach (paid entirely from non – TPCA funds) to see if continuing to employ three Employment Specialists, partially paid from the TPCA funds would be permitted. The ESE job coach emailed the local VR contact. The VR contact called the VR Transition Administrator and replied, "…the reimbursement that is received from VR can be used to pay a third Employee Specialist as well." Further she wrote, "VR does not have a say in how the school board chooses to disburse the funds, so if the school board decided to spread the funds out to pay a third Employment Specialist, then that is allowed." Relying on this guidance, we continued to employ a third Employment Specialist using TPCA funds.

We would like to point out the Employment Specialist's work was entirely in line with the grant's stated purpose of expanding work and career based experience for VR transition students. The third Employment Specialist did the exact same job as the other two TPCA funded Employment Specialists. She worked with students with disabilities to provide work experiences and job placements. She did not however enter any of the paperwork into the REBA system. We viewed her as an "extra" and so all REBA paperwork associated with the students she worked with were entered under our other two Employment Specialists.

Finding 3: Invoices were not approved timely

Section 215.422, Florida Statutes, states, "Approval and inspection of goods or services shall take no longer than 5 working days unless the bid specifications, purchase order, or contract specifies otherwise."

We reviewed 10 invoices and determined the DVR contract manager did not approve 4 of the invoices (40%) within 5 business days following receipt of the services. The approvals ranged from 2 to 11 days late. The untimely review and approval of invoices could result in delayed payments to the school district. This can hinder the school district's ability to provide services to students.

Recommendation

We recommend DVR review and approve invoices in accordance with the Florida Statute.

DVR Management Response

Concur. DVR will ensure that all invoices are approved in a timely manner and the contract manager documents delays in the processing of invoices.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the Division of Vocational Rehabilitation and 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 Sandar Sie and supervised by Janet Snyder, CIA, CGAP, Audit Director.

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