

Utah State Board of Education – Audit Brief 2015

Report USOR 15-03 Rehabilitation Client Allegation Review

Objective and Scope: Internal Audit (IA) received and investigated the following allegations regarding a client receiving vocational rehabilitation (VR) services:

- 1) The client is from out-of-state but is paying resident tuition while attending a local institution of higher education (IHE).
- 2) The client returned to her home state before the end of Spring 2014 semester citing severe illness and hospitalization; however, it is alleged that she was attending concerts, going to the beach, etc. instead of completing her coursework.
- 3) The client receives Pell grant funds, SEOG funds, a merit scholarship, and child support; however, VR funds were used to cover tuition and fees.

Internal Control Weaknesses and Lack of Documentation within the VR Process

- 1) Paid VR services and comparable benefits (e.g. available insurance, grants, etc.) were not considered and/or documented appropriately; therefore, we question the VR assistance provided for tuition and fees.
 - a. There is conflicting guidance regarding consideration of merit scholarships.
- 2) Documentation in the casefile was inadequate to determine if a sufficient evaluation of progress related to goals in the Individualized Plan for Employment was completed; therefore, we question if on-going assistance was warranted.
- 3) Documentation in the casefile was inadequate to determine if a comprehensive analysis of the client's functional limitations from her disability was completed and appropriate consideration given to the level of VR services to provide.
- 4) We question if a stricter or more prescribed residency policy would be effective in meeting agency financial and program objectives.

Cause and Results

The above issues appear to be caused by inadequate understanding of or an inconsistent interpretation of Federal regulations, inadequate or conflicting policies and procedures, and lack of internal controls to ensure compliance with Federal regulations and policies and procedures. This creates an environment with potential for waste and abuse of funds and/or manipulation by clients. Based on the issues identified, we question if USOR is in compliance with Federal requirements and policies and procedures and consider approximately \$11,100 in VR costs questionable.

Internal Audit Recommendations

To ensure USOR meets their program and financial objectives, we recommend that USOR:

1. Update and/or clarify policies and procedures, considering their related budget impact, to ensure compliance with Federal regulations and intent.
2. Strengthen, or implement additional, internal controls to ensure compliance.
3. Due to the inconsistent interpretation and application of how Pell funds and VR funds may be used to pay for training USOR should request a formal interpretation of the related regulations from RSA and update their policies and procedures accordingly to ensure appropriate, consistent use of funds.

**REPORT TO THE
UTAH STATE BOARD OF EDUCATION**

Report No. USOR 2015-03

REVIEW OF ALLEGATIONS MADE REGARDING A VOCATIONAL REHABILITATION CLIENT

FISCAL YEAR 2015

March 2015

1896

**Audit performed by:
Utah State Board of Education - Rehabilitation Internal Auditor**

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Report USOR 2015-03

March 6, 2015

Utah State Board of Education
250 East 500 South
Salt Lake City, Utah 84114

Dear Board Members:

The Utah State Board of Education (the Board) *Administrative Rule 277-116-4(E)* authorizes the Utah State Office of Education's (USOE) Internal Audit department (IA) to perform audits recommended by the Audit Committee of the Board. The Internal Audit process was conducted in accordance with International Standards for the Professional Practice of Internal Auditing.

Internal Audit received a hotline call regarding a vocational rehabilitation client and a preliminary review of the issues and related policies indicated that further investigation was warranted. The IA obtained relevant documentation from the casefile, counselor and other relevant personnel, and the internal audit staff of a local public institution of higher education (IHE). The purpose of this limited review is to further assess the validity of the allegations made and compliance with policies and procedures and Federal regulations.

IA performed the following procedures:

1. We reviewed the rules, regulations, and policies and procedures currently governing the vocational rehabilitation (VR) program and any other comparable benefits, such as Pell Grants.
2. We gained an understanding of the assistance provided to the individual in question; including a review of relevant documentation maintained by VR for this individual.
3. We inquired with the related IHE as some of the allegations related specifically to financial and educational assistance being obtained or administered by that institution which are relevant to determinations made by VR.
4. Other procedures as considered necessary.

These procedures were limited only to the case related to the allegations. We have identified the procedures we performed (see above) and the findings and recommendations resulting from those procedures (see the attached report).

This report is intended solely for the information and use of the Utah State Office of Rehabilitation (USOR) management and the Utah State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. If you have any questions, please contact me at (801) 538-7639.

Sincerely,

A handwritten signature in cursive script that reads "Deborah Davis".

Deborah Davis, CPA
Internal Audit Director, Utah State Office of Education

cc. Brad Smith, State Superintendent of Public Instruction
Bruce Williams, Associate Superintendent of Business Services and Operations
Russ Thelin, USOR Executive Director
Stacey Cummings, USOR Administrative Services Director
Kyle Walker, USOR DRS Director

BACKGROUND, FINDINGS, AND RECOMMENDATIONS

I. VOCATIONAL REHABILITATION BACKGROUND AND PROCESSES

A. Background

Vocational Rehabilitation (VR) is a Federal program funded through the Department of Education – Office of Special Education and Rehabilitative Services. VR counselors have the primary responsibility of working with individuals with mental and physical disabilities who are seeking assistance from the VR program; therefore, many of the decisions made throughout the process are subjective and are made at the discretion of the VR counselor. VR counselors are required to follow the Federal regulations governing the program.

USOR establishes policies and procedures to help ensure compliance with the Federal regulations in the Client Service Manual (CSM). Supervising counselors, district directors, and other management personnel are also available to staff to answer questions, resolve concerns, or periodically review case files. Appropriately determining eligibility and VR assistance is important as these decisions also have budget and financial implications that impact USOR.

Appendix A references several policies and procedures relevant to the issues identified in this review. The CSM may be found online at <http://www.usor.utah.gov/csm/start.htm>.

B. Eligibility Process

In general terms, the process of assisting a client begins with the referral of an individual to USOR, which may be either a self-referral or a referral by an outside individual or entity. The client then receives an orientation and meets with a qualified rehabilitation professional (QRP) to discuss the VR program and potential assistance. The QRP may then use review of appropriate medical records, with the consent of the client, additional counseling and inquiry to determine if the applicant meets the eligibility criteria of the program.

C. IPE Process

Once eligibility has been determined, the counselor considers financial need, comparable benefits, and potential services VR may provide; the counselor then works with the client, who has informed choice, to establish an Individual Plan for Employment (IPE). The IPE outlines the vocational objective, services, approximate service dates, service providers, and evaluation criteria as well as an estimated cost to the client, estimated comparable benefits, and the estimated portion USOR may cover. To ensure success the IPE lists the client's responsibilities, which include:

- Keeping appointments
- Responding to counselor requests and informing them about changes in your life
- Making progress in training or other activities
- Applying for and using comparable services and benefits
- Attending agreed upon activities

If clients do not meet their responsibilities the IPE states that a client “may not receive services as soon as you need them, or we may stop providing services”. Additionally, the IPE outlines that services paid for by USOR may be affected by the availability of agency funds. The IPE must be signed by the client and counselor and the IPE is reviewed as often as needed but at least annually.

D. Authorization Process

Once the IPE is completed, the counselor may then start the authorization process for services included in the IPE. An authorization is generated for each paid service a client receives, is appropriately reviewed and approved, and is then generally sent directly to the vendor who will provide the service and bill USOR for payment.

II. ALLEGATIONS

The allegations made from the hotline call regarding the individual receiving VR assistance are outlined below. For purposes of this report, the individual will be identified as ‘the client’ and all personally identifiable information will be generalized.

1. The client is from out-of-state but is paying resident tuition while attending a local institution of higher education (IHE).
2. The client returned to her home state before the end of Spring 2014 semester citing to the school severe illness and hospitalization; however, it is alleged that she was attending concerts, going to the beach, etc. instead of completing her coursework.
3. The client receives Pell grant funds, SEOG funds, a merit scholarship, and child support; however, VR funds were used to cover tuition and fees. As the total of all grants and scholarships adequately covers tuition and fees, the necessity of VR assistance for those services is questioned.

III. INTERNAL CONTROL WEAKNESSES AND LACK OF DOCUMENTATION WITHIN THE VR ASSISTANCE PROCESS

A. **VR Services and Comparable Benefits**

Based on the student financial assistance the client received and other casefile documentation, it does not appear that VR services and the associated comparable benefits were calculated or documented appropriately.

The client received financial aid, VR funds, and refunds as follows:

		Fall 2013		Spring 2014		Fall 2014
Financial Aid:						
Pell Grant		2,823.00		2,822.00		2,865.00
Merit Scholarship		1,800.00		1,800.00		1800.00
Supplemental Grant						500.00
Subtotal		4,623.00		4,622.00		5,165.00
Tuition and Fees		3,202.32		4,125.00		3,072.95
Refunded to Student	8/21/2013	1,420.68	12/31/2013	497.00	8/18/2014	2,092.05
Additional Tuition and Fees		5.00		247.41		-
VR Funds for:						
Tuition and Fees (Auth Date)	8/20/2013	3,207.32	4/14/2014	4,125.00	8/22/2014	3,072.95
Remaining Tuition & Fees		-		-		-
Refunded to Student	9/17/2013	3,197.32	4/14/2014	4,125.00	8/26/2014	3,072.95
VR Funds for:						
		Fall 2014		Spring 2014		Fall 2014
Books*	Actual	337.75	Actual	506.85		
*Bookstore charges VR for actual cost						

The following issues with VR services and the comparable benefits calculation and subsequent use of VR funds were identified:

1. VR Services and Comparable Benefits per the Individualized Plan for Employment (IPE)

The IPE indicates the following VR services and comparable benefits over the life of the plan:

IPE Area	VR Services	Service Provider	Comparable Benefits	Provider
Training	Educational program (tuition, fees, books) to get a Bachelor's degree.	Local IHE	Estimated Benefit: \$22,580	Federal gov't - Pell Grant
	Medical Expenses	Not identified		
	Computer	Not identified		
	Estimated Cost for Training: \$25,000			
Counseling	Counseling for medical disorders Estimated Cost: \$0	Local IHE Disability and Counseling Centers	Estimated benefit: \$10,000	Not identified

- a. It is unclear how the VR services and the estimated amount of those services in the IPE were determined.

Although clients have informed choice in selecting services and providers, the amount to be covered by VR funds is subject to judgment by the counselor and what Federal regulations will allow. Determining the reasonability of all potential service costs VR might cover (e.g. tuition and fees, medical and related costs, such as counseling) is important because it could impact the appropriate identification and use of comparable benefits funds that may have been used.

In this case, the counselor estimated some of the potential service costs VR might cover; however, the documentation was not adequate to indicate the counselor's process for generating the cost estimate or determining that some of the services were necessary, appropriate, or reasonable (ie. the medical costs). Because the estimate of the cost of services may impact a counselor's decision about what services or what level of participation in those services VR should have, it is important to have a good, complete basis for the estimates used.

- b. Though the IPE includes estimated comparable benefit amounts (see definition in Appendix A 6.), it is unclear what is included in those amounts other than the Pell grant.

The Pell grant amount per semester is approximately \$2,800; therefore, for 8 semesters, we would expect a comparable benefit estimate of \$22,400, which is close to what is documented. Per review of the casefile this individual also has medical insurance; however, the documentation was insufficient to gain an understanding of what the insurance might cover, of both the Training and Counseling services. Because comparable benefits must be used prior to VR being used to pay for services, gaining an understanding of available comparable benefits is important. See Appendix A 5. Therefore, it does not appear that comparable benefits were considered appropriately or sufficiently documented.

- c. The IPE and case narrative for the client indicated that Pell grant funds would be used as a comparable benefit to cover medical and related expenses rather than tuition and fees. However, based on the timing of available student financial aid (see table above), tuition, fees, and books were paid for with refunds given from excess financial aid earned, which was prior to VR funds being authorized and/or paid; since tuition, fees, and books, had already been covered the VR amounts paid were also refunded to the student. Therefore, it appears that VR funds, which were refunded completely to the client, were not used for tuition and fees as VR documented but rather were used for some other purpose.

A Pell grant is an example of a comparable benefit as defined in Appendix A 6. Federal regulations and the intent of Congress related to the use of Pell grant funds are outlined in Appendix A 7-8 and indicate that no training services at an IHE may be paid for with VR funds unless maximum efforts have been made to

secure grant assistance from other sources to help pay for that training; VR funds to pay these costs should be a last resort. While a Pell grant was obtained in this case, we question if the Pell grant funds received were considered appropriately when determining the use of VR funds in this case.

Per discussion with several VR counselors and other VR management, the counselor's determination of the application of Pell funds as a comparable benefit is subjective, which may result in inconsistencies in how the regulation is applied (ie. Pell used to pay for tuition and fees or Pell used to pay for other items while VR covers tuition and fees).

- d. The case narrative, which includes a required R-11 narrative entry on 8/13/14, outlines the use of Pell funds for medical and related expenses for the Fall 2014 semester; however, there are no such entries for the use of Pell funds for the Fall 2013 and Spring 2014 semesters as required (see Appendix A 9.), although it appears Pell was considered a comparable benefit for those semesters as well since VR authorized and paid funds for tuition and fees. Additionally, there is no documentation for any semester to indicate the VR counselor followed up to determine if Pell funds were used as expected as is required in the CSM (see Appendix A 10.).

2. Merit Scholarship

- a. In determining the estimated cost of the Training Services identified in the IPE, it does not appear that the client's merit scholarship was considered. Because the merit scholarship is applied to tuition and fees by the IHE and given the guidance regarding Pell grants in Appendix A 8., that VR is to be the payer of last resort, it is reasonable to conclude that in determining the estimated Training Services amount, the tuition and fees amount should have first been reduced by the merit scholarship amount to determine the estimated cost of the service. Therefore, potential tuition and fees to be covered by VR for the Fall 2013, Spring 2014 and Fall 2014 semesters should have been \$1,402.32, \$2,325 and \$1,272.95, which is \$1,800/semester less than the tuition and fee amounts shown in the table above.

Though federal regulations indicate that merit scholarships are not included in the definition of comparable benefits, the CSM has conflicting guidance related to merit scholarships and does not conclusively indicate if or how merit scholarship funds should be considered when determining appropriate VR services. Per Appendix A 11, a merit scholarship should not be considered as a comparable benefit; however, Appendix A 12, indicates that merit scholarships should be considered as a comparable benefit and not as part of the financial need calculation.

Due to the lack of documentation regarding the amount of and justification for VR assistance being provided and the related comparable benefits available, inconsistent interpretations about the appropriate use of Pell and VR, and lack of guidance for and consideration of the merit scholarship, we question the VR assistance that was authorized for tuition and fees. See Section IV below for questioned costs.

B. IPE Evaluation

It does not appear that IPE progress was evaluated appropriately based on the IPE established criteria of a 2.0 GPA and 12 credit hours earned. Moreover, we question if the counselor should have adjusted the IPE evaluation criteria given that an individual receiving the merit scholarship the client did is required to maintain a 3.2 GPA and 15 credit hours; the merit scholarship received is specific to the college that includes client’s major.

The VR counselor obtained the Final Grades for both the Fall 2013 and Spring 2014 semesters, which indicated the following:

	Fall 2013	Spring 2014
Current GPA	3.6	3.0
Attempted Hours	16	15
Earned Hours	12	6
Revised GPA*	3.3	2.0
*Based on the IHE's points for grades		

For both semesters the VR Counselor used only the Current GPA for the semester to evaluate progress. These GPA’s exceeded the required 2.0 GPA; however, the GPA’s did not take into account the incomplete grades that the client received, one in Fall 2013 and three in Spring 2014. The VR counselor did acknowledge in the casefile narrative that the client received incomplete grades for Spring 2014 and indicated those grades would be changed when the client finished the course work. However, per the VR Counselor, he did not inquire of the client about the circumstances related to receiving incomplete grades and was not aware that she returned home prior to the end of the Spring 2014 semester.

The IPE evaluation is important as it impacts the VR counselor’s determination of whether additional VR assistance is warranted. In this case, we question if the additional funds authorized for Fall 2014 were reasonable and appropriate given the client’s lack of progress and the lack of inquiry by the VR counselor for earlier semesters. Had the VR counselor inquired with the client, he could have considered if it was reasonable to provide additional funds given the client’s medical situation, educational progress, and whether the client would be able to finish the coursework for the incomplete courses while taking additional credits the Fall 2014 semester. Had the

inquiry taken place, the counselor may have been aware that the client returned to her home state prior to the end of the Spring 2014 semester and learned the circumstances prompting the return home.

Internal Audit has determined that there are conflicting accounts regarding the reason for returning home early and not completing the coursework, which include 1) death of her great-grandmother, 2) a hospitalization and two months of bed rest, and/or 3) going to the beach and attending concerts. An internal audit review of Facebook photos appears to confirm that while the client's great-grandmother may have passed away, the client was not hospitalized and on bed rest for a full two months during the timeframe indicated. This also highlights that the client did not uphold her responsibilities as outlined in the IPE to disclose information about changes in her circumstances (see section I.C above).

As it does not appear that there was appropriate inquiry and documentation regarding the IPE evaluation; we question if additional VR assistance should have been authorized or if the VR counselor should have instead reduced or terminated services to prevent potential waste and abuse of funds as is allowed in the CSM (See Appendix A 13.). See Section IV below for questioned costs.

C. Determination of Services related to Functional Impairment

During the IPE process the counselor documented that the client received a merit scholarship. For this particular scholarship, an individual is selected for scholarly achievement (ie. high academic performance), an ACT score of 26 or higher, a GPA of 3.5 or higher, participation in activities and leadership as shown through involvement in school clubs, internships, extracurricular activities, etc., and having the ability to communicate effectively. Additionally, only 8 individuals are selected for this scholarship each year from a class of 80-100 students; therefore, it appears the client would be near the top of her class to receive such a scholarship.

Per the eligibility letter USOR sent to the client, the counselor identified the client's disability and found the client functionally limited in her interpersonal skills and requiring multiple VR services over time. Eligibility criteria for VR are outlined in Appendix A 1. and include that the individual must require VR assistance to prepare for, enter, engage in, or retain gainful employment. Once eligibility is determined the counselor must then determine the need for VR assistance and level of assistance given the functional impairments identified during the eligibility determination.

Documentation in the casefile was inadequate to determine if a comprehensive analysis of the client's functional limitations from her disability was completed and consideration given to the abilities identified for a recipient of the merit scholarship. Without having a good analysis of the functional limitations it is difficult to determine the appropriate need for and level of services VR should have provided.

D. Residency

As identified in the allegations, this client is from out of state but is being charged resident tuition by the IHE because she is receiving assistance from the VR program. This is the allowed practice as indicated in the CSM which follows the higher education Administrative Rule (see Appendix A 2-3). There is no Federal requirement in the VR program for state residency.

This highlights an area where the VR policy could be clarified and a potentially a stricter state residency policy instituted. Additionally, this is an area where the VR Counselor could inquire in greater detail with the client about her intentions and actions regarding residency. Also the IHE and VR counselor could collaborate to a greater degree to ensure all information provided by the client to the IHE and VR is consistent, accurate, and the charges and services provided are appropriate. Because we are questioning the costs associated with this case as discussed below, further review of this item was not considered necessary.

IV. CAUSE, RESULTS, AND RECOMMENDATIONS:

A. Cause and Results

The above issues appear to be caused by inadequate understanding, or an inconsistent interpretation, of Federal regulations, inadequate or conflicting policies and procedures, and lack of internal controls to ensure compliance with Federal regulations, policies, and procedures. This creates an environment with potential for waste and abuse of funds and/or manipulation by clients.

Based on the issues identified, such as inadequate documentation and justification for the VR assistance provided, inadequate consideration and documentation of comparable benefits available, inconsistent interpretations about the appropriate use of Pell and VR, and lack of guidance for and consideration of the merit scholarship, it appears that USOR may not have used VR funds in a prudent manner or in compliance with Federal regulations. The total costs that VR authorized and paid for tuition, fees, and books in question are:

Fall 2013	3,545.07
Spring 2014	4,631.85
Fall 2014	3,072.95
	11,249.87

This case highlights how policy impacts the budget and financial situation of USOR. Additionally, the issues identified in this case may also be found in other cases, which increases the risk associated with paid client services.

B. Recommendations

To ensure USOR meets their program and financial objectives, we recommend that USOR:

1. Update and/or clarify policies and procedures while considering their related budget impact to ensure compliance with Federal regulations and intent, particularly in the following areas:
 - a. More clearly document identified VR services and comparable benefits and how those estimated amounts are determined.
 - b. Clarify how merit scholarships should be considered when determining the level of VR funding to provide.
 - c. Consider including policies and procedures related to additional documentation of the justification for services provided related to the functional impairment of the client
 - d. Consider implementing a residency requirement or factoring in changes in technology that allow students to take online courses, in which case residency may not factor in.
 - e. Consider requiring additional collaboration with service providers, particularly IHE's, related to the client's intentions and actions related to residency.
2. Strengthen or implement additional internal controls to ensure established policies and procedures are followed to ensure compliance with Federal regulations.
 - a. This could include determining if the new AWARE client management system has edit checks, additional forms, etc. to help manage the VR assistance and evaluation process.
3. Due to the inconsistent interpretation of how Pell funds and VR funds may be used to pay for training, and given the definition of comparable benefits (ie. paying tuition and fees with VR funds and allowing Pell to be used for other items), USOR should request a formal interpretation of the related regulations from RSA and update their policies and procedures accordingly to ensure appropriate, consistent use of funds.

V. USOR Response

A. Cause and Results

USOR agrees that identified issues in the report are related to inconsistencies in application of federal regulations and agency policies and procedures. USOR also agrees that the VR Counselor should have been more thorough in the documentation concerning utilization of comparable benefits and why the provision of paid VR services for educational expenses (tuition, fees and books) were necessary.

USOR finds it important to note that administrative review of the client record has determined the VR counselor exercised appropriate judgment and sufficient documentation in the determination of eligibility and significance of disability classification; the latter of which is based on consideration of functional limitations, duration of VR Services and number of required VR Services. Having a functional limitation, specifically in the noted area of interpersonal skills, would not preclude an individual from having the capacity or ability to obtain a merit scholarship and receiving a scholarship should not lead to the conclusion that the eligibility decision was inappropriate or incomplete.

B. Recommendations

1.A. USOR agrees that VR Counselors must document the process for generating cost estimates and the use of comparable benefits and VR funding. USOR will address this weakness through policy clarification, AWARE system enhancements, and staff training.

1.B. Prior to the provision of services to an eligible individual, USOR policy states the VR Counselor must determine whether comparable services and benefits are available under other programs. If comparable services or benefits exist under another program and are available to the individual, the VR Counselor and the eligible individual must use those comparable services or benefits to meet, in whole or part, the cost of vocational rehabilitation services. This does include the provision of funding for training services. However, Section 101(a)(8) of the Rehabilitation Act exempts awards and scholarships based on merit from the definition and standard of use for comparable benefits and services. While eligible individuals are not required to apply for or use merit scholarships toward the cost of needed VR services, USOR will clarify through the provision of staff training how these funds, if obtained, can be applied towards the eligible individual's training related expenses and how this must be documented in the client record. USOR will also clarify the wording in the Client Service policy manual to remove any contradictory guidance.

1.C. USOR supports the recommendation to strengthen the current standard of documentation relating to determination of functional limitations for the purposes of priority classification. USOR has completed a series of policy trainings for the agency's VR Counselors, who are the individuals with the authority to assess functional limitations and determine priority classification. In addition, for a four month period, effective March 2, 2015 to June 30, 2015, all priority classification determinations will undergo supervisory review to ensure correct application of policy and appropriate documentation. Furthermore, with the implementation of the new AWARE case management system, a more substantive level of documentation is required for justification of priority classification in review of functional limitations, required vocational rehabilitation services and duration of vocational services.

1.D. In accordance with Section 361.42(c)(1) of the Rehabilitation Act, Vocational Rehabilitation programs cannot impose a duration of residency requirement that will exclude the determination of eligibility or services for any applicant or eligible individual who is present in the State. In regards to the determination of Resident Status for individuals attending higher education training programs, USOR adheres to the definition outlined by the Utah Higher Education Assistance Authority. This definition states, “A person who has been determined by a Utah governmental social or rehabilitation services agency to be a Utah resident for purposes of receiving state aid to attend a System institution and demonstrates objective evidence of domiciliary intent as provided in 4.1 is immediately eligible to register as a resident student.” Application of this standard is a cost savings to USOR, as the agency is exempt from paying higher, non-resident tuition rates for eligible individuals who have lived in the State for less than three years. USOR believes implementing more stringent residency requirements would likely be in violation of the Rehabilitation Act and could actually incur additional agency costs (rather than savings) but USOR will consult with RSA and other states to determine if changes might be allowed and might have some agency benefit.

1.E. As outlined in response to items 1.C. and 1.D., USOR will continue to operate in accordance with federal regulation and UHEAA policies regarding resident status of eligible individuals. In addition, USOR will adhere to the guidance provided in the Rehabilitation Services Administration Technical Assistance Circular (June 11, 2012) to collaborate with other State VR agencies if an eligible individual relocates to another state. This form of collaboration is intended to enhance the effective, cost-savings and efficient delivery of services that will best enable the individual to achieve an employment outcome.

2.A. Through the implementation of the new AWARE case management system, USOR will have the capacity to strengthen the adherence to client service policy and federal regulations regarding the provision of paid goods and services. All authorizations for goods and services will undergo supervisory review prior to the release of the expenditure voucher to the agreed service provider. This supervisory review will provide oversight to ensure compliance with the policies for exploration of comparable benefits and services, approved fee-for-service rates and authorization approval levels. In addition, determination and documentation of client financial contribution will be integrated into the case management system. This will assist in application and monitoring of client financial contribution towards required VR services. Furthermore, USOR will continue to assess quality assurance compliance through the provision of monthly client record reviews. This quality assurance activity specifically addresses exploration and utilization of comparable benefits and services for participation in training programs.

3. USOR supports and agrees with the recommendation to request technical assistance from the Rehabilitation Services Administration regarding the agency’s client services policies

governing the use of Pell Grants and VR Funds for training programs. USOR will revise existing policies pending RSA recommendations. USOR will also modify its policies and procedures, as appropriate, to comply with the upcoming federal regulations, in response to the Workforce Innovations and Opportunities Act (WIOA). The scheduled release for the revised federal regulations is tentatively set for Spring 2015.

VI. Appendix A

VR Regulations and Compliance Requirements

The Client Services Manual (CSM) outlines the following VR policies and procedures to ensure compliance with Federal and State requirements:

Eligibility:

1. (CSM Chapter 5) Within 60 days of receiving a referral or application a counselor is required to determine eligibility for the VR program. Eligibility criteria includes that “1) an individual has a disability, and 2) the individual requires VR services to prepare for, enter, engage in, or retain gainful employment.”

Residency:

2. (CSM Appendix 9C) “USOR has no residency requirement to apply and receive services, other than a Utah address and they are available to receive services.” Institutions of Higher Education (IHE) uses the Admin Rule R512, Determination of Resident Status, to guide decisions related to residency and USOR may consider these guidelines.
3. Rule R512 4.6 states, “A person who has been determined by a Utah governmental social or rehabilitation services agency to be a Utah resident for the purposes of receiving state aid to attend a System institution and demonstrates objective evidence of domiciliary intent as provided in 4.1 is immediately eligible to register as a resident student.” Domiciliary intent per 4.1 includes, establishment of a domicile in Utah and that the student does not maintain a residence elsewhere and maintaining continuous Utah residency for three years...as evidenced by not being absent from the state.

VR Services:

4. (CSM Chapter 10.2) “All services must be included in the IPE... prior to the provision of those services” or they are not considered allowable. Per the CSM Chapter 12.1, “USOR may only expend funds on allowable costs...For a cost to be allowable it must be necessary and reasonable... [a reasonable cost is defined] as in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.”
5. (CSM Chapter 9.2), “Before USOR provides any paid VR service to an eligible individual...USOR must determine whether comparable services or benefits are available under any other program and whether they are available to the individual...USOR shall use those comparable services and benefits to meet, in whole or in part, the cost of vocational rehabilitation services.”

6. Comparable services and benefits are defined in 34 CFR 361.5(b)(10), as “services and benefits that are provided or paid for, in whole or in part, by other Federal, State, or local public agencies, by health insurance or by employee benefits.”
7. (CSM Chapter 9.6 and 34 CFR 361.48 [emphasis added]), “no training services in an institution of higher education may be paid for with [VR] funds...unless maximum efforts have been made...to secure grant assistance in whole or in part from other sources to pay for that training.”
8. A letter from The US Department of Education - Rehabilitation Services Administration, which is included as Appendix 9A in the CSM, regarding the use of Pell and VR funds further clarifies, “...Congress intended that VR clients avail themselves of the numerous grants and student assistance programs which are available to pay for higher education before VR program funds are used to pay these costs... a VR client should make every attempt to secure assistance for post-secondary education from these other sources, and that the use of limited VR funds to pay these costs should be a last resort.”
9. (CSM Chapter 9.6.B.4) VR Counselors are required use an R-11 case narrative entry to justify the provision of additional VR funds beyond the amount awarded in the Pell and why the client is able to utilize some of the Pell funding towards other allowable training costs.
10. (CSM Chapter 9.6.B.4)The VR Counselor is required to document the client’s actual expenses and expected use of Pell, and then follow-up to determine that funds were expended as expected.
11. (CSM Chapter 9.8) Examples of comparable benefits include non-merit scholarships.
12. (CSM Chapter 8.6.A-B) Pell grants, merit scholarship monies, etc. are not to be counted as income. They are addressed as comparable benefits and services. All other income to the client and when applicable, parent(s) or spouse will be considered.
13. (CSM Chapter 21.6) A counselor may suspend, reduce or terminate a particular VR service based on evidence that to continue provision of that particular service would constitute fraud, waste, or abuse.