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Dear Mr. Miller:

This final audit report, “Opportunities for Ohioans with Disabilities’ Case Service Report Data Quality,” presents the results of our audit. The objectives of our audit were to determine whether Opportunities for Ohioans with Disabilities (1) had adequate internal controls to provide reasonable assurance that reported “Case Service Report” (RSA-911 report) data were accurate and complete and (2) reported RSA-911 performance indicator data that were accurate, complete, and adequately supported. Our audit covered Opportunities for Ohioans with Disabilities’ (OOD) 2012 RSA-911 report for the reporting period October 1, 2011, through September 30, 2012 (2012 reporting period).

OOD had adequate internal controls to ensure that the data it reported to the Rehabilitation Services Administration (RSA) were complete. However, OOD did not have adequate internal controls to ensure that its 2012 RSA-911 report data were accurate and adequately supported. Specifically, we found that OOD (1) lacked policies and procedures to require verification of the data entered into participants’ case files and (2) lacked an adequate monitoring process to ensure that data were accurate and required documentation was maintained in participant case files.

Our testing of the data that OOD reported to RSA found a significant number of incorrect and unverifiable data entries for data elements that RSA used to calculate OOD’s 2012 performance indicator results. Consequently, we have no assurance that the performance indicator results that RSA calculated were reliable. RSA uses the performance indicator results to determine whether OOD meets RSA’s established evaluation standards. As a result, RSA may have improperly determined OOD’s successful performance on the evaluation standards for the 2012 reporting period.

We made several recommendations to the Commissioner of RSA that would require OOD to establish and implement enhanced data quality controls. OOD partially concurred with Finding No.1 regarding weaknesses in its internal controls over data quality for the 2012 reported RSA-911 data. OOD did not agree that (1) the employer name and employment start date data elements, listed in Table 6 of this report, were required or included in the 2012 RSA-911 file and (2) these two data elements had a direct correlation to the inaccuracy of all of OOD's evaluation standards and performance indicators. OOD concurred with the recommendations for Finding No. 1 and noted several planned corrective actions. OOD partially concurred with Finding No. 2 regarding incorrect and unverifiable performance indicator data reported in its 2012 RSA-911 report. OOD did not agree that all of its evaluation standards and performance indicator data were unreliable. Specifically, OOD contends that counselors' data entry of participants' self-reported employment information is adequate source documentation. OOD concurred with the recommendation for Finding No. 2, again noting several planned corrective actions, but also requested guidance from RSA about what is sufficient documentation for participant employment information. We did not change our findings and recommendations based on OOD's comments to the draft audit report.

BACKGROUND

The U.S. Department of Education's Office of Special Education and Rehabilitative Services supports programs that serve millions of children, youth, and adults with disabilities. The Office of Special Education and Rehabilitative Services' RSA oversees grant programs that help people with physical or mental disabilities to obtain employment and live more independently through the provision of counseling, medical and psychological services, job training, and other individualized services. RSA provides Vocational Rehabilitation Grants to States to assist them in operating vocational rehabilitation (VR) programs. The VR program grants are provided to support a wide range of services designed to help people with disabilities prepare for and engage in gainful employment consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

Each State designates a State agency to administer the VR program. Some States have more than one VR agency (a general agency and an agency for the blind). General agencies serve all people with disabilities except those who are blind or visually impaired and State agencies for the blind provide services only for people who are blind or visually impaired. The remaining States use a combined agency which serves all people with disabilities in the State. In Ohio, OOD is the State agency designated to administer the VR program. OOD is a combined agency that is composed of two bureaus: the Bureau of Vocational Rehabilitation and the Bureau of Services for the Visually Impaired. OOD also includes 14 field offices and 8 administrative offices.¹ The OOD executive director reports directly to the governor of Ohio. A seven-member

¹ The eight offices are: OOD Administration, the Office of Communications and Legislation, the Division of Fiscal Services, the Division of Human Resources, the Division of Information Technology, the Division of Legal Services, the Division of Performance and Innovation, and the Division of Disability Determination.

commission, appointed by the governor, oversees OOD and approves its VR State plan. During our audit period, OOD received a VR program grant award of \$96,889,776.

People eligible for VR program services (referred to as participants in this report) are those who have a physical or mental impairment that results in a substantial impediment to employment, who can benefit from VR services for employment, and who require VR services. When OOD cannot serve all eligible participants with disabilities due to limited resources, it uses an order of selection. Under an order of selection, eligible participants are assigned to priority categories based on the significance of their disability. OOD prioritizes serving participants with the most significant disabilities. Since 1991, OOD has operated under an order of selection that assigns participants with disabilities into three categories: most significantly disabled, significant disability, and disability. Eligible participants who are not designated as most significantly disabled are placed on a waiting list. According to RSA's "FY 2012 Ohio Rehabilitation Services Commission² Annual Review Report," 2,997 people were on the waiting list as of September 30, 2012.

Each year, State VR agencies must use the RSA-911 report to report to RSA case data pertaining to all participants whose case records were closed in a given fiscal year. The RSA-911 report must be submitted by November 30 (60 days after the end of the fiscal year). OOD uses its Accessible Web-Based Activity and Reporting Environment (AWARE) case management database to store data about its participants' VR cases and to manage the case flow. OOD implemented AWARE in October 2011. Before implementing AWARE, OOD used its Online System for Computer Assisted Rehabilitation (OSCAR) case management system. The case data reported on OOD's 2012 RSA-911 report were extracted from its AWARE database. In its 2012 RSA-911 report, OOD reported a total of 21,554 closed participant cases,³ of which 3,510 cases (about 16 percent) were reported closed with an employment outcome.⁴ Cases are coded in the RSA-911 report by type of closure to indicate when in the VR process a participant exited the program, as shown below and in the diagram in Attachment 2:

- exited as an applicant (code 1),
- exited during or after a trial work experience/extended evaluation⁵ (code 2),
- exited from an order of selection waiting list (code 6),
- exited without an employment outcome after eligibility was determined but before an individualized plan for employment (IPE)⁶ was signed (code 7),
- exited without an employment outcome after an IPE was signed but before receiving services (code 5),

² In October 2013, the Ohio Rehabilitation Services Commission officially became OOD.

³ OOD's 2012 RSA-911 report included 21,559 closed cases; however, we identified 5 participants whose case records were reported under two different Social Security numbers. The case records for the five participants were subsequently consolidated in the AWARE database under their correct Social Security numbers.

⁴ Employment outcome means obtaining or retaining full-time or part-time competitive employment.

⁵ Participants complete trial work experiences or extended evaluations to determine whether they can benefit from VR services if existing evidence indicates that the participant is incapable of benefiting from the services.

⁶ The IPE is a written plan outlining a participant's vocational employment goal and the services to be provided to assist the participant in reaching the goal.

- exited without an employment outcome after receiving services (code 4), and
- exited with an employment outcome (code 3).

Section 106 of the Rehabilitation Act of 1973, as amended, requires RSA to establish evaluation standards and performance indicators for the VR program that include outcome and related measures of program performance. Two evaluation standards were established in June 2000 (34 Code of Federal Regulations [C.F.R.] Part 361). RSA has established minimum levels of performance for each performance indicator. RSA uses data from the RSA-911 report to monitor State agencies' VR program performance, including calculating State agencies' results on the performance indicators and determining whether they have met the evaluation standards.

The evaluation standards and performance indicators are as follows.

Evaluation Standard 1—Employment Outcomes

Standard 1 includes six performance indicators, three of which are primary indicators. The primary indicators (1.3, 1.4, and 1.5) measure the quality of the employment outcomes achieved by participants served by the program.

- Performance Indicator 1.1—The number of participants exiting the VR program who achieved an employment outcome during the current performance period compared to the number of participants who exited the VR program after achieving an employment outcome during the previous performance period.
- Performance Indicator 1.2—Of all participants who exit the VR program after receiving services, the percentage who are determined to have achieved an employment outcome.
- Performance Indicator 1.3—Of all participants determined to have achieved an employment outcome, the percentage who exit the VR program in competitive, self- or business enterprise program⁷ employment with earnings equivalent to at least the minimum wage.
- Performance Indicator 1.4—Of all participants who exit the VR program in competitive, self- or business enterprise program employment with earnings equivalent to at least the minimum wage, the percentage who are participants with significant disabilities.
- Performance Indicator 1.5—The average hourly earnings of all participants who exit the VR program in competitive, self- or business enterprise program employment with earnings equivalent to at least the minimum wage as a ratio to the State's average hourly earnings for all people in the State who are employed (as derived from the Bureau of Labor Statistics report "State Average Annual Pay" for the most recent available year).

⁷ A business enterprise program means a participant who obtains employment as an operator of a vending facility or other small business under the management and supervision of a State VR agency.

- **Performance Indicator 1.6**—Of all participants who exit the VR program in competitive employment, self- or business enterprise program employment with earnings equivalent to at least the minimum wage, the difference between the percentage who report their own income as the largest single source of economic support at the time they exit the VR program and the percentage who report their own income as the largest single source of support at the time they apply for VR services.

To achieve successful performance on standard 1, State VR agencies must meet or exceed the minimum level of performance for four of the six performance indicators in the evaluation standard, including meeting or exceeding the performance levels for two of the three primary indicators.

Evaluation Standard 2—Equal Access to Services

Standard 2 includes one performance indicator.

- **Performance Indicator 2.1**—The service rate for all participants with disabilities from minority backgrounds as a ratio to the service rate for all participants with disabilities from nonminority backgrounds.

To achieve successful performance on standard 2, State VR agencies must meet or exceed the performance level established for performance indicator 2.1.

State agencies that fail to meet these performance levels must develop a program improvement plan outlining specific actions to be taken to improve program performance. For the 2012 reporting period, OOD achieved successful performance on the evaluation standards; however, it did not meet the performance levels for performance indicators 1.2 and 1.5. Table 1 shows the performance levels required for the performance indicators and OOD’s performance levels for the 2012 reporting period.

Table 1. Performance Levels for the Performance Indicators

Performance Indicator	Performance Level Required of a General/Combined VR Agency	OOD’s 2012 Performance Level
1.1	Number of employment outcomes equals or exceeds previous performance period (3,373)	+137 Met
1.2	Percent with employment outcomes after services 55.8%	48.95% Did Not Meet
1.3	Percent of employment outcomes that were competitive employment 72.6%	96.38% Met
1.4	Percent of participants with competitive employment outcomes who had a significant disability 62.4%	100.00% Met
1.5	Ratio of average hourly VR wage to average State wage 0.52	0.502 Did Not Meet
1.6	Difference between percent self-supporting at closure and application 53.0	66.36 Met
2.1	Ratio of minority service rate to nonminority service rate 0.80	0.812 Met

AUDIT RESULTS

We found that OOD had adequate internal controls to provide reasonable assurance that its RSA-911 report data were complete. To ensure the data were complete OOD analyzed its 2012 RSA-911 report for data quality using the edit check program, “RSA Errors, Reasonableness Checks and Anomalies Program.” The program identifies possible problems with the RSA-911 report data, including data omissions. In addition, OOD’s AWARE database had controls that required that select data elements were entered into the case file throughout the VR process.⁸ For example, the required data elements for a participant’s personal information included gender, birthdate, and race and ethnicity. OOD VR counselors could not close a VR case in the AWARE database if all of the required data elements were not completed. The required data elements included elements that were reported on the RSA-911 report.

However, we found that OOD did not have adequate internal controls to provide reasonable assurance that its RSA-911 report data were accurate and adequately supported. Specifically, we found that (1) OOD did not have policies and procedures that required VR counselors or supervisors to verify that the data entered in participants’ case files were correct and adequately supported by documentation prior to closing the case file, and (2) OOD’s monitoring process did not ensure that data entered into the AWARE database were correct and required documentation was maintained in participant case files.

As a result, we found that VR case service data maintained in OOD’s AWARE database and reported on its 2012 RSA-911 report, including performance indicator data, were not correct and adequately supported, and therefore were not reliable.

State VR agencies must have a system of internal control that provides reasonable assurance that RSA-911 report data are accurate, complete, and supported so that RSA can rely on the data to reflect the VR agency’s true performance when it calculates performance levels and determines whether the agency is meeting standards. Reliable data are also important to ensure that RSA’s annual reports submitted to the President and Congress and made available to the public, accurately report the VR agency’s performance. The extent that the State VR agency is meeting performance standards could influence the amount of oversight and monitoring that RSA may need to conduct at that agency.

We based our conclusions, in part, on the results of our review of a stratified statistical sample of 163 cases OOD closed during the 2012 reporting period. For each sampled case closure, we determined whether select data elements were correctly reported and adequately supported according to source documentation maintained in the participants’ case file in OOD’s AWARE database.

⁸ Required data elements (referred to as “ToDo” lists) included personal information, application, disability type, disability priority, eligibility determination, planned services, employment and closure.

We provided a draft of this report to OOD for review and comment on December 2, 2015. We received OOD's comments on December 22, 2015. OOD partially concurred with Finding No. 1 regarding weaknesses in its internal controls over data quality for the 2012 reported RSA-911 data and concurred with our recommendations. OOD also partially concurred with Finding No. 2 regarding incorrect and unverifiable performance indicator data reported in its 2012 RSA-911 report and concurred with our recommendation.

We did not change our findings and recommendations based on OOD's comments to the draft audit report. We summarized OOD's comments on the draft audit report at the end of each finding and included the comments in their entirety in Attachment 7 of this report.

Finding No. 1 – OOD Did Not Have Adequate Internal Controls to Assure the Accuracy of and Support Behind Its Case Service Report Data

OOD did not have adequate internal controls to provide reasonable assurance that VR case service data reported in its 2012 RSA-911 report were accurate and adequately supported. Specifically, OOD did not have policies and procedures that required VR counselors or supervisors to verify that the data entered in participants' case files were correct and adequately supported by documentation prior to closing the case. This includes verifying that required documents were properly completed and maintained in the participant's case file.

OOD's controls to ensure staff properly completed, maintained, and recorded VR case file documents and data included participant case reviews⁹ conducted by VR supervisors and OOD's quality assurance staff. However, we found that OOD reported unverifiable and incorrect data on its 2012 RSA-911 report. OOD's controls were not adequate to ensure that staff members (1) properly completed and maintained documents supporting VR case data in its AWARE database and (2) detected and corrected participant VR case data recorded in the AWARE database that were incorrect and inadequately supported by source documentation (unverifiable) before reporting those data on the RSA-911 report.

Also, as a control, both OOD and RSA analyzed OOD's 2012 RSA-911 report data for quality using the edit check program "RSA Errors, Reasonableness Checks and Anomalies Program." The edit check program analyzes the RSA-911 report data and identifies "unreasonable" data, data errors, data anomalies, data duplications, and data omissions.¹⁰ However, the edit check program would not detect the unverifiable and incorrect data entries that we identified because it cannot compare the data with the actual source documentation that the RSA-911 report was built on.¹¹

⁹ The participant case reviews are discussed in more detail in the section "OOD's Quality Assurance Program."

¹⁰ Before submitting its final RSA-911 report, OOD resolved the data problems that the edit check program identified.

¹¹ We classified a data entry as unverifiable when required source documents were not present in the AWARE database or when source documents present in the AWARE database did not include the information (that is, missing signatures, dates, or other information) needed to verify the entry. We considered a data entry to be incorrect when source document information did not agree to the data entry.

Based on our review of OOD's VR process policies and procedures, staff interviews, and the results of our review of a sample of participant case files, we concluded that the incorrect data and the missing and incomplete source documentation for the data entries recorded in AWARE and reported on OOD's 2012 RSA-911 report were the result of (1) a lack of adequate controls to ensure all required VR case documents were properly completed and maintained and that VR case data agreed to source documents, (2) human error on the part of OOD staff, and (3) OOD not using its quality assurance case review process to improve the procedures to ensure that the VR case data were adequately supported by and agreed to source documents. We discuss these issues in the sections "Completeness of Participant Case Files," "Accuracy of Participant Case File Data Entries," and "OOD's Quality Assurance Program" of this finding.

Recipients of Federal awards are required to maintain internal control over Federal programs that provides reasonable assurance that the Federal awards are managed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs (2 C.F.R § 200.303).¹² Control procedures must be adequately documented. The lack of documented policies and procedures may result in inconsistencies, processing, or procedural errors, and noncompliance with laws and regulations.

Completeness of Participant Case Files

We reviewed the participant case files for our stratified statistical sample of 163 participants who were included on OOD's 2012 RSA-911 report from the universe of 21,554 participants and determined whether OOD properly completed and maintained the required case service documents in the participants' case files. The sample included 94 participants who exited the VR process with an employment outcome and 69 participants who exited without an employment outcome. We found that

- at least one required case service document was missing for 45 of the 163 sampled participants,
- at least one required case service document was not completed properly for 16 of the 163 sampled participants, and
- source documentation for required employment data was missing for 20 of the 94 sampled participants.

OOD's 2012 RSA-911 report data were extracted from information in its AWARE database. OOD staff entered the participant VR case data into AWARE and scanned source documents that were the basis for the data into the participants' case files.¹³ Federal regulations and OOD policies and procedures require the following source documents to be maintained in a participant's case file:¹⁴

¹² Although this criterion was not in effect during our audit period, it represents a very important foundational requirement for OOD going forward.

¹³ The AWARE database file is the participants' official file.

¹⁴ Only those documents applicable to when a participant exited the VR program during the VR process were required to be maintained in the participant's file (see the diagram in Attachment 2).

- application for services,
- certificate of eligibility,
- order of selection form,¹⁵
- IPE, and
- closure letter.

According to 34 C.F.R. § 76.731, a grantee should maintain records to show compliance with program requirements. Additionally, Federal regulations require OOD to maintain the following for participants who exited the VR program with an employment outcome: source documentation showing the employment start date, hours worked in a week at case closure, weekly earnings at case closure, and documentation that the participant maintained employment for 90 days.

OOD's missing and incomplete VR case documents caused it to be in noncompliance with Federal regulations, Ohio laws, and its own policies and procedures as discussed below. In addition, the missing and incomplete documents resulted in unverifiable data being reported on OOD's 2012 RSA-911 report, as discussed briefly in this finding and in detail in Finding No. 2 of this report.

Required Case File Documents Were Missing

We estimate that 27 percent¹⁶ of the case files for the 21,554 participants reported on OOD's 2012 RSA-911 report were missing at least one required document. The documents required to be maintained (application for services, certificate of eligibility, order of selection form, eligibility/order of selection letter, IPE, and closure letter) for a case file depended on when during the VR process the participant exited the VR program (see the diagram in Attachment 2). For each sampled participant file, we determined the required forms based on closure type and verified the presence or absence of the required forms. The most frequently missing document was the closure letter.¹⁷

OOD is required to maintain a record of services for each participant and determine the type of documentation that it will maintain for the services provided (34 C.F.R. § 361.47(a) and (b)). The required documents are discussed in the following:

1. Federal regulations 34 C.F.R. § 361.41(b) and 34 C.F.R. § 361.47(a)(6);
2. Ohio laws
 - a) 3304-2-54(A)(6), "Eligibility for services, assessment, and trial work experiences,"
 - b) 3304-2-65(F), "Order of selection,"
 - c) 3304-2-56, "Conditions for providing services; and the individualized plan for employment," and
 - d) 3304-2-61(B)(1) and (D), "Closure;" and
3. OOD policies
 - a) 80-VR-01, "Vocational Rehabilitation Application and Intake Policy," April 2, 2012,

¹⁵ During our audit period the eligibility/order of selection letter replaced the certificate of eligibility and order of selection form.

¹⁶ We are 95 percent confident the rate of case files missing at least one form is between 18 and 35 percent.

¹⁷ Table 3 in Attachment 3 shows the number and percent of required documents that were missing for the 163 participants in our sample.

- b) VRP-0500, "Eligibility," October 31, 2008,
- c) VR Manual Chapter 6, "Order of Selection," October 10, 2010,
- d) VRP-0900, "Individualized Plan for Employment," January 5, 2007, and
- e) VRP-0300, "Case Closure," April 3, 2007.

In addition, 34 C.F.R. § 80.42 discusses the retention and access requirements for grantee records, supporting documents, programmatic and statistical records, and other records required to be maintained by program regulations or the grant agreement or are otherwise reasonably considered pertinent to program regulations or the grant agreement.

Required Case File Documents Were Not Properly Completed

We estimate that 4 percent¹⁸ of the case files for the 21,554 participants reported on OOD's 2012 RSA-911 report had at least one required case service document that was not properly completed. The application for services, certificate of eligibility, and IPE were required to be signed and dated. For each sampled participant file, we determined whether the participant and the VR counselor signed and dated the required forms, as applicable. The IPE was the document most frequently missing the required signatures or dates or both.

According to 34 C.F.R. § 361.41(b)(2)(i)(A), a participant is considered to have submitted an application when either the participant or their representative has completed and signed an agency application. When the application is complete, the participant and the VR agency staff must sign and date it (OOD Policy 80-VR-01).

Ohio law 3304-2-54(A)(6) requires a VR agency counselor to sign and date all certificates of eligibility. Also, OOD policy VRP-0500 sets forth this same requirement.

The participant or their representative must sign an IPE, and a VR counselor employed by the VR agency must approve and sign it (34 C.F.R. § 361.45(d)(3)(i) and (ii)). Similarly, Ohio law 3304-2-56, (B), "Conditions for providing services and the individualized plan for employment," and OOD Policy VRP-0900, "Individualized Plan for Employment," January 5, 2007, set forth this same requirement. According to OOD Policy VRP-0320, "Casework Development and Service Delivery Timeline," April 28, 2008, the counselor has 120 days to develop the IPE with the participant. Therefore, OOD must document the IPE date in the participant's file to determine whether the counselor meets the 120-day requirement. In addition, VR agencies are required to report the participant's IPE date on the RSA-911 report (RSA Policy Directive 12-05, February 8, 2012). The instructions for the RSA-911 report state that if the date the participant and counselor signed the IPE are different, the later date should be used. Consequently, the IPE must be signed and dated.

Source Documentation for Required Employment Data Were Missing

For the 94 participants in our sample with an employment outcome, we determined whether the data entries in AWARE for the employment start date, weekly earnings amount, number of hours

¹⁸ We are 95 percent confident the rate of case files having at least one incomplete required document is between 1 and 8 percent.

worked, and the employment outcome were adequately supported. Although employment data were entered in the case files, we could not verify whether the data were correct because supporting documentation for at least one of the employment data elements was missing for 20 of the 94 participants sampled. Because employment data has a significant impact on the performance indicator calculations, we discuss this issue in detail in Finding No. 2 of the report.

A VR counselor explained that it was the responsibility of each counselor to ensure the VR case file documents were properly completed and maintained in participants' files and that the data recorded in AWARE agreed with the source documents. A VR supervisor and a VR counselor informed us that (1) required documents may not be properly completed and maintained in participants' case files due to human error, and (2) some documents may be missing because staff did not complete the final step needed to attach a document in the AWARE database. After selecting "Attach Document" staff must then select "Finish" to complete the process of attaching documents. On occasion, staff may close out of AWARE before selecting "Finish."

Accuracy of Participant Case File Data Entries

For the 163 participant case files, we also determined the reliability of selected data elements maintained in OOD's AWARE database and reported on its 2012 RSA-911 report.¹⁹ We determined whether the selected data elements were accurate and adequately supported according to source documentation maintained in OOD's AWARE database. We identified data quality problems that included (1) unverifiable and incorrect application dates, eligibility determination dates, IPE dates, employer names, employment start dates, weekly earnings, and hours worked, (2) unverifiable disability priority and employment outcomes, and (3) incorrect birth dates, race and ethnicity, closure date, and type of closure codes.²⁰ A VR supervisor and VR counselor explained that incorrect data entries in AWARE were probably the result of human error. VR counselors and supervisors were not required to verify the accuracy of the data elements recorded in AWARE to source documents. Consequently, a VR participant's case data recorded in AWARE was not always the correct data according to source documents. We discuss the results of this review in detail in Finding No. 2 of the report.

OOD's Quality Assurance Program

OOD did not use its monitoring process to improve procedures and to provide reasonable assurance that data were accurate and supporting documentation was maintained in participant case files. Specifically, OOD's case review policy 30-QA-01, "Quality Assurance Reviews for Vocational Rehabilitation," January 15, 2012, did not require that OOD officials use the results of the case reviews to determine whether OOD's internal controls over the VR process were working effectively or to evaluate whether revisions to its internal controls or policies and

¹⁹ The data elements reviewed, according to the participant's type of closure data element code, are shown in Table 4 in Attachment 4 to the report.

²⁰ Table 6 in Attachment 6 shows the number of incorrect and unverifiable data entries for the 163 participants according to the data element and closure type.

procedures were necessary.²¹ In addition, OOD's quality assurance process did not include specific steps to verify numerous data elements in the case file.

OOD updated the quality assurance process that was used to evaluate the VR program and to determine whether case documentation complied with Federal and State regulations and OOD policy during our audit period. According to OOD's Program Integrity and Evaluation Manager, during the 2012 reporting period, quality assurance staff completed 368²² reviews based on the universe of 6,467 cases that had an IPE written in the 2011 reporting period.²³ At the beginning of each month OOD's Division of Information Technology staff generated a list of randomly selected VR cases for review. The list contained random VR cases from all open and closed cases where participants were applicants in the previous 24 months and had at least been determined eligible for VR services (with an IPE created). The closed cases included on the list were only those cases closed within the current Federal fiscal year. OOD's quality assurance staff reviewed cases selected from the random list using a "Case Review for VR" form to evaluate the quality of case work in the following areas: application, eligibility, service and employment, closure and after, and financial.²⁴ The results of the case reviews were sent to the responsible VR supervisors for review and comment. Corrections could be made to open and closed cases reviewed on an ongoing basis. The quality assurance program manager then worked with the area managers to develop training updates related to any findings. Quality assurance staff participated in monthly video conference trainings and provided updates related to case review results to field staff.

Quality and compliance issues identified in the quality assurance process were summarized in quarterly and annual "Case Review Summary" reports. The report identified the areas reviewed on the "Case Review for VR" form as strengths (all areas with 90–100 percent compliance), opportunities for improvement (all areas with 80–89 percent compliance), and threats (all areas with 79 percent compliance and below). According to OOD's case review policy, the report results were used to identify patterns and trends of staff documentation issues and areas of training needs. However, OOD did not use the findings to consider changes to its procedures used to ensure accurate data and supporting documentation. The annual "Case Review Summary" report for the 2012 reporting period showed two areas as opportunities for improvement that are similar to what we found during our audit: maintaining the eligibility/order of selection letter in the case file and application for services signed and dated by an OOD representative. Although the report noted the application being signed and dated by the participant as a strength, the "Case Review for VR" form did not include a specific review step to ensure the accuracy of the application date.

Also, during our audit period, VR supervisors conducted targeted case reviews throughout the year as-needed on cases that could be either open or closed. Reviews conducted by VR supervisors

²¹ Similarly OOD's revised policy 30-QA-01, "Case Reviews for Vocational Rehabilitation Policy," October 1, 2013, did not contain this requirement.

²² According to OOD's program integrity and evaluation manager, the sample size of 368 case reviews performed was intended to achieve estimates having a margin of error of 5 percent or less at the 95 percent confidence level.

²³ The 2011 reporting period is from October 1, 2010, through September 30, 2011.

²⁴ According to OOD's program integrity and evaluation manager, over 200 of the case reviews were completed using this single form. The remaining reviews were conducted using an older version of separate quality and compliance review forms.

were used for performance evaluation and to monitor complex cases, including when there is concern about sufficient documentation being present in the case file to support program decisions. According to a VR supervisor, targeted case reviews (1) focused on only a specific area of the VR case work, such as the IPE or order of selection, and (2) were performed by completing the section of the “Case Review for VR” form applicable to the scope of the review.

The Committee of Sponsoring Organizations of the Treadway Commission’s “Internal Control-Integrated Framework” (COSO Report) provides a framework for organizations to design, implement, and evaluate internal controls that will facilitate compliance with Federal laws, regulations, and program compliance requirements. According to the COSO Report, one of the five components of internal control is monitoring. Monitoring is a process that assesses the quality of internal control over time. One of the activities that serve to monitor the effectiveness of internal control is conducting internal quality control reviews. Quality control reviews should provide reasonable assurance with respect to the stated objectives of the review.

Furthermore, we found that OOD’s VR quality assurance case review process was not adequate to monitor whether the data recorded in AWARE were supported by and agreed to source documents and were therefore reliable. Specifically, the “Case Review for VR” form that was used for both quality assurance and supervisory reviews did not include specific checks to verify that the following critical data elements in source documents agreed with information recorded in AWARE:

- the race and ethnicity of the participant,
- the application date (OOD policy states that it must be signed by the applicant and initialed and dated by an OOD VR staff),
- the IPE date (when the IPE is signed on different dates by the participant and VR counselor, the later date should be used),
- the name of the employer of the participant,²⁵
- the start date of employment,²⁵
- the hours worked in a week, and
- the weekly earnings at closure.

Additionally, for cases closed with an employment outcome, the case reviews did not include a specific step to determine whether source documents supported that the participant maintained 90 days of employment.

Without a VR quality assurance case review form that includes steps to ensure the AWARE VR case data are accurate and verifiable, OOD management will be unable to use the results of the case reviews to identify all patterns and trends of staff documentation and areas of potential training needs.

Further, without (1) policies and procedures to require staff to verify that the data entered in participants’ case files are correct and adequately supported by documentation, and (2) an

²⁵ The employer name and employment start date were not required to be reported on the 2012 RSA-911 report. Beginning with the 2014 RSA-911 report, the employment start date is a required data element.

assessment of OOD's internal controls and policies and procedures over the VR process, OOD may continue to report incorrect and unverifiable data, such as the data issues discussed previously, on its RSA-911 report.

As a result of the lack of adequate internal controls over the VR program documentation requirements for a participant's record of service, OOD did not comply with Federal regulations, Ohio law, and OOD policies. Consequently, OOD reported unverifiable case service data on its 2012 RSA-911 report. Therefore, RSA cannot assure that OOD met the performance indicator requirements. It is important that OOD have internal controls that provide reasonable assurance that data are accurate, complete, and supported since a number of data elements reported in the RSA-911 report are used by RSA to monitor States' compliance with mandated timelines for delivering VR services to participants.

Recommendations

We recommend that the Commissioner of RSA require OOD to—

- 1.1 Establish and implement policies and procedures to ensure that
 - (1) all required VR case documents are completed and maintained in participants' case files; and
 - (2) all required VR case data recorded in the AWARE database agree to and are supported by adequate source documentation.
- 1.2 Consider adding the specific checks listed above to the "Case Review for VR" form and to the quarterly and annual summary reports as part of the "scoring" to improve the quality assurance process and to better identify patterns and trends of staff documentation issues and areas for staff training.
- 1.3 Revise its quality assurance process to use the results of its case reviews to assess whether its internal controls are working effectively and determine whether it should revise its VR policies and procedures.

OOD Comments and OIG Response

OOD partially concurred with this finding and concurred with its recommendations. OOD discussed corrective actions that it has taken, are in process, or it plans to take.

OOD Comments

OOD concurred that the controls in place during the 2012 RSA-911 reporting period did not ensure that the cases reviewed had no instances of missing documentation or inaccurate data. OOD did not concur that the employer name and employment start date data elements, as listed in Table 6 of the report, were required in the 2012 RSA-911 report file. OOD also did not concur that including these two data elements should be interpreted as having a direct correlation to the inaccuracy of all of OOD's evaluation standards and performance indicator results.

OOD concurred with the recommendations and discussed corrective actions that it plans to take related to the recommendations. Examples of these corrective actions include the following.

- Reorganize VR staff to create a new VR Data and Reporting Unit that will be responsible for performance and reporting management.
- Reorganize VR staff to increase resources in the VR Policy and Training Unit, with a focus on policy revisions due to Workforce Innovation and Opportunity Act implementation and staff compliance with case management data requirements and quality assurance monitoring findings.
- Update all VR policies and procedures to align with new requirements of the Workforce Innovation and Opportunity Act.
- Revise its quality assurance case review process.

OIG Response

We agree that the employer name and employment start date were not required to be reported in the 2012 RSA-911 report, as we state in footnote 25 of our report. However, we reviewed these data elements to determine whether the participants' reported closure codes, which are reported on the RSA-911 report, were accurate. Table 6 of the report shows the results (the number of incorrect and unverifiable data entries) of all of the data elements we reviewed. We did not state that these two data elements have a direct correlation to the inaccuracy of all of OOD's evaluation standards and performance indicators results.

We commend OOD for designing corrective actions intended to improve its internal controls and its ability to ensure compliance with Federal regulations and RSA-911 reporting requirements. We did not make any changes to the finding or the related recommendations as a result of OOD's comments.

Finding No. 2 – Performance Indicator Data Reported on OOD's Fiscal Year 2012 Case Service Report Were Not Reliable

We found that VR performance indicator data maintained in OOD's AWARE database and reported on its 2012 RSA-911 report were not correct and adequately supported and therefore were not reliable. In its 2012 RSA-911 report, OOD provided incorrect and unverifiable data for data elements that RSA used to calculate OOD's 2012 performance indicator results. We determined that

- performance indicators 1.1 and 1.2 were calculated using an unverifiable count of participant cases closed with an employment outcome;
- performance indicators 1.3 through 1.6 were calculated using incorrect and unverifiable weekly earnings at closure amounts; and
- performance indicator 2.1 was calculated using incorrect closure counts and race/ethnicity data element codes.

As a result, we have no assurance that the OOD performance indicators results that RSA calculated for the 2012 reporting period are reliable. Federal regulations require that data reported by a VR agency be valid, accurate, and in a consistent format (34 C.F.R. § 361.88(c)). We estimate that 44 percent of the 21,554 reported participant case closures included on OOD's 2012 RSA-911 report included at least one incorrect or one unverifiable data entry as follows:²⁶

- 7 percent of reported closures should not have been reported,²⁷
- 24 percent of reported closures included at least one incorrect data entry,²⁸
- 7 percent of reported closures included at least one unverifiable data entry,²⁹ and
- 6 percent of reported closures included at least one incorrect and one unverifiable data entry.³⁰

We reviewed selected data elements to

- verify a participant's identification (Social Security number and date of birth);
- determine whether reported data elements used in performance indicator calculations were correct and verifiable (race and ethnicity, weekly earnings at closure, hours worked in a week at closure, disability priority, and type of closure (codes 3 and 4));³¹ and
- determine whether both reported and unreported³² data elements were correct and verifiable (application date, eligibility determination date, IPE date, services provided, employer name, employment start date, type of closure (codes 1, 5, 6, and 7), and closure date).

Performance Indicators

In its 2012 RSA-911 report, OOD provided incorrect and unverifiable data entries for data elements used in performance indicator calculations (see the sections "Participants Who Exited the VR Process With Employment" and "Participants Who Exited the VR Process Without Employment" below) and RSA used these data entries to calculate OOD's 2012 performance indicator results.

The calculations for performance indicators 1.1 and 1.2 rely primarily on an accurate count of employment outcomes. To determine whether the calculations for these performance indicators

²⁶ Table 5 in Attachment 5 shows the number of participant case files with incorrect and unverifiable data entries for the 163 participants sampled according to their closure type.

²⁷ We are 95 percent confident that the percent of reported closures that should not have been reported ranges between 3 and 16 percent.

²⁸ We are 95 percent confident that the percent of reported closures that included at least one incorrect data entry ranges between 16 and 34 percent.

²⁹ We are 95 percent confident that the percent of reported closures that included at least one unverifiable data entry ranges between 3 and 13 percent.

³⁰ We are 95 percent confident that the percent of reported closures that included at least one incorrect and one unverifiable data entry ranges between 3 and 10 percent.

³¹ We did not review the primary support at application, primary support at closure, and employment status at closure data elements used in performance indicator calculations because we limited what we verified to the most used and more critical data elements. Table 4 in Attachment 4 shows the data elements that we reviewed.

³² These data elements were used in the verification of the performance indicator data.

were reliable, we reviewed participants' case file documents in the AWARE database to determine whether we could verify that the 94 participants sampled who were reported as achieving an employment outcome maintained employment for 90 days. According to 34 C.F.R. § 361.56(b), a participant's case may be closed as employed only if the participant has maintained employment for at least 90 days to ensure the employment is stable. Based on the results of our sample, we estimate that 7 percent of the 3,510 participants reported as achieving an employment outcome on OOD's 2012 RSA-911 report lacked documentation in their case files to support the outcome reported.³³ Therefore, performance indicators 1.1 and 1.2 were calculated using data that we were unable to verify for accuracy.

Performance indicators 1.3 through 1.6 rely substantially on the weekly earnings at closure data element. To calculate these performance indicators, for each participant that exited the VR process with an employment outcome, the weekly earnings at closure data element is divided by the hours worked in a week at closure data element to obtain an hourly wage. To determine whether the calculations for these performance indicators were reliable, for the 94 participants sampled, we reviewed the participants' case files to determine whether the weekly earnings at closure amounts reported to RSA were correct and supported by source documents. Based on the results of our sample, we estimate that 14 percent of the 3,510 participants included in each of these performance indicator calculations had incorrect weekly earnings at closure amounts and 17 percent had unverifiable weekly earnings at closure amounts.³⁴ Based on the prevalence of incorrect and unverifiable weekly earnings at closure amounts, we conclude that performance indicators 1.3 through 1.6 were calculated using incorrect or unverifiable data.

The calculation for performance indicator 2.1 relies on accurate closure counts and race and ethnicity data element codes across all types of closures. To determine whether the data used for the calculation for this performance indicator were reliable, we verified whether all 163 participants sampled (1) represented actual case closures and (2) had correct race and ethnicity data element codes. Based on the results of our sample, we estimate that 8 percent of the 21,554 case closure records used to calculate performance indicator 2.1 either were incorrectly included in the calculation or included an incorrect race and ethnicity code.³⁵ Based on the prevalence of incorrect race and ethnicity data element codes, and participants erroneously being included on OOD's 2012 RSA-911 report, we conclude that performance indicator 2.1 was calculated using incorrect data.

Participants Who Exited the VR Process With Employment (Type of Closure Code 3)

Our review found unreliable (incorrect and unverifiable) data element entries for 73 (78 percent) of the 94 participants reported as employed (see Table 5 in Attachment 5). This included unreliable data elements for 36 participants (38 percent) that were used in one or more of OOD's

³³ We are 95 percent confident that the percent of employment outcome cases reported on OOD's 2012 RSA-911 report that lack supporting documentation needed to assess the accuracy of the employment outcome ranges between 3 and 15 percent.

³⁴ We are 95 percent confident that the percent of employment outcome cases reported on OOD's 2012 RSA-911 report with (1) an incorrect weekly earnings amount at closure ranges between 8 and 22 percent and (2) an unverifiable weekly earnings amount at closure ranges between 10 and 26 percent.

³⁵ We are 95 percent confident that the percent of cases reported on OOD's 2012 RSA-911 report that either were incorrectly included on the report or had an incorrect race and ethnicity data code ranges between 3 and 15 percent.

performance indicator calculations for the 2012 reporting period. Specifically, we found the following:³⁶

- The type of closure code was unverifiable for seven participants because the file contained no documentation to verify that the participant was employed for 90 days.
- The race and ethnicity code was incorrect for two participants.
- The disability priority code was unverifiable for five participants.
- The amount of weekly earnings at closure was incorrect for 13 participants and unverifiable for 16 participants.
- The number of hours worked in a week at closure was incorrect for 5 participants and unverifiable for 15 participants.

Additional data quality problems for the data elements reviewed included (1) incorrect data entries for date of birth and closure date and (2) incorrect and unverifiable data entries for application date, eligibility determination date, IPE date, employer name, and employment start date. Table 6 in Attachment 6 shows the number of incorrect and unverifiable data entries according to the data element and closure type.

Based on the results of our sample, we estimate that of the 3,510 participants with employment reported on OOD's 2012 RSA-911 report:

- 38 percent of the closures included at least one incorrect data entry,
- 12 percent of the closures included at least one unverifiable data entry,
- 28 percent of the closures included at least one incorrect and one unverifiable data entry, and
- 22 percent of the closures were fully supported by source documentation.³⁷

Employment Data Elements Were Unverifiable

We estimate that 21 percent³⁸ of the 3,510 cases reported as closed with an employment outcome on OOD's 2012 RSA-911 report had at least one employment data element (employment start date, weekly earnings amount, number of hours worked, and the employment outcome) that was unverifiable because required supporting documentation was missing.³⁹ Supporting documentation for the weekly earnings amount was the most frequently missing.

If a participant obtains or maintains employment as a result of the VR services provided, Federal regulations, Ohio law, and OOD policy require that employment data be maintained in the participant's case file. To successfully close and report a participant's case as having exited the VR program with an employment outcome, VR agencies must document (1) the participant's

³⁶ A participant could have more than one unreliable data entry.

³⁷ The estimates have a margin of error of at most plus or minus 10 percentage points at the 95 percent confidence level.

³⁸ We are 95 percent confident that for participants with an employment outcome the rate of case files missing supporting documentation for an employment data entry is between 14 and 31 percent.

³⁹ The case files for 20 of the 94 participants sampled were missing supporting documentation for at least one of the employment data elements.

employment start date and (2) that the participant maintained employment for 90 days. Also, Ohio law 3304-2-61(D) and OOD policy VRP-0300 require that when a participant's case is closed as employed, a closure letter must be provided to the participant and the letter must include the participant's employment start date.

RSA requires VR agencies to provide the number of weekly hours worked and the weekly earnings of the participant on the RSA-911 report (RSA Policy Directive 12-05, February 8, 2012). RSA uses participants' weekly hours worked and weekly earnings data to calculate VR agencies' compliance with performance indicators 1.3, 1.4, 1.5, and 1.6. According to 34 C.F.R. § 361.84(b), the performance indicators require VR agencies to provide information that will enable the Secretary to determine an agency's compliance with the VR program evaluation standards. Consequently, the number of weekly hours worked and weekly earnings must be documented in the participant's case file.

For participants who obtain employment, State VR agencies must maintain verification that the participant is paid at or above the minimum wage and that the wage and level of benefits are not less than that normally paid by the employer for the same or similar work performed by participants who are not disabled (34 C.F.R. 361.47(a)(9)).

A condition for closing the case of a participant as employed is that the employment has been maintained for a period of not less than 90 days (34 C.F.R. § 361.56(b)). In addition, 34 C.F.R. § 361.47(a)(15) requires State VR agencies to maintain documentation verifying that the provisions of 34 C.F.R. § 361.56 have been met when the record of services for a participant who has achieved an employment outcome is closed.

Consequently, it is RSA's position that the requirements in 34 C.F.R. §§ 361.47 and 361.56 taken together require State VR agencies to maintain verifying documentation in the participant case file related to the employment outcome including the employment start date, that the participant maintained employment for 90 days, the hours worked, and the amount of earnings. Although the requirements do not specify the type of verifying documentation that the agency must maintain, the regulations show that VR agencies need to have some type of supporting documentation for the employment data in the case file.

Participants Who Exited the VR Process Without Employment (Type of Closure Codes 1, 4, 5, 6, and 7)

We found unreliable data element entries for 26 (38 percent) of the 69 people reported to have exited the VR process without employment (see Table 5 in Attachment 5). This included six people who never applied to OOD for VR services and should not have been reported on OOD's 2012 RSA-911 report.⁴⁰ OOD's Performance and Reporting Manager, Division of Performance and Innovation, stated that on October 4, 2011, OOD began using AWARE as the case management system, and everyone interested in VR services was entered into AWARE as a participant. This included people who contacted OOD with interest or were referred for services but who had not yet applied. In the OSCAR system these people were entered as referrals.

⁴⁰ For the 26 reported participants, these were the only unreliable data entries identified that RSA used in a performance indicator calculation.

AWARE's referral module was unable to hold case attachments, so these peoples' documents were housed in the participant's case file in the participant module.⁴¹

Because the people referred for services were entered into the AWARE participant module, the system identified them as applicants. OOD's Performance and Reporting Manager also stated that "OOD issued guidance in April 2012 that instructed staff to only enter individuals who had completed an application in the participant module."

We found additional data quality problems for the data element entries reviewed that included (1) an incorrect date of birth and Social Security number, (2) incorrect IPE, eligibility determination, and closure dates, (3) an unverifiable disability priority designation; and (4) incorrect and unverifiable application dates. Table 6 in Attachment 6 shows the number of incorrect and unverifiable data entries according to the data element and closure type.

As explained in Finding No. 1, OOD did not have adequate internal controls to ensure that

- records that were the basis for VR case service data, including performance indicator data, were properly completed and maintained in participants' case files; and
- all incorrect and unverifiable participant VR case file data entered into the AWARE database were detected and corrected before being reported on the RSA-911 report.

Also as stated in Finding No. 1, the edit check program "RSA Errors, Reasonableness Checks and Anomalies Program" would not have detected the unverifiable and incorrect data entries that we identified that were the result of missing and incomplete source documentation and misreported source data.

As a result of OOD reporting unreliable (unverifiable and incorrect) data on its 2012 RSA-911 report, including performance indicator data, all of the performance indicators were calculated using inaccurate or unsupported data elements, or both. Consequently, RSA may have improperly determined OOD's successful performance on the evaluation standards, and OOD may have continued to participate in the VR program without entering into a required program improvement plan.

In addition, unreliable data entries for the application date, eligibility determination date, and IPE date hinder OOD management's ability to monitor whether its staff timely serves participants in compliance with Federal regulations and OOD policy. Those unreliable data entries also prevent RSA from effectively monitoring OOD's compliance with the required VR program timelines for determining a participant's eligibility for services and developing the participant's IPE. RSA conducts monitoring reviews of VR agencies on a 5-year cycle, and findings concerning meeting the timelines for determining eligibility and developing the IPE are based on a review of the RSA-911 report data for the 5 years prior to the fiscal year in which the monitoring review is conducted.

⁴¹ On January 17, 2013, OOD upgraded AWARE to version 5.12 which gave OOD the ability to attach files in the Referral module.

Federal regulation 34 C.F.R. § 361.41(b) and OOD Policy VRP-0320, “Casework Development and Service Delivery Timeline,” April 28, 2008, require that a participant’s eligibility determination must be made within 60 days of application.⁴²

Federal regulations require the IPE to be developed in a timely manner, and the VR agency must establish and implement standards for the prompt development of the IPE, including timelines that take into consideration the needs of the individuals (34 C.F.R. § 361.45(a)(1) and (e)). OOD Policy VRP-0320, “Casework Development and Service Delivery Timeline,” April 28, 2008, requires the counselor to develop the IPE with the participant within 120 days from the eligibility determination date.

Recommendation

We recommend that the Commissioner of RSA require OOD to—

- 2.1 Establish and implement controls to ensure that OOD staff obtain and maintain source documentation supporting participants employment information including the employment start date, weekly earnings at closure, hours worked in a week at closure, and that the participant maintained employment for 90 days.

OOD Comments and OIG Response

OOD partially concurred with this finding and concurred with its recommendation. OOD stated that it concurs with the importance of establishing controls to ensure that staff obtain and maintain source documentation supporting participant employment information and discussed corrective actions that it has taken and plans to take. However, OOD also requested that RSA provide clear guidance and expectations regarding supporting employment and wage documentation.

OOD Comments

OOD stated that not all performance indicators and evaluation standards data were unreliable. OOD stated that the processes in place during our audit period met RSA standards and were adequate to ensure accurate reporting. Specifically, OOD asserted that the VR counselors’ entry of participant-reported employment information into the AWARE database would be adequate source documentation. OOD also stated that the data elements that we did not review (primary support at application and at closure) are critical in calculating performance indicator 1.6.

OOD concurred with the recommendation and discussed corrective actions that it has taken or plans to take related to the recommendation. Examples of corrective actions discussed include the following.

- Use standard templates from vendors that will include wage and hour data when purchasing job placement services.

⁴² Exceptions are allowed if exceptional and unforeseen circumstances prevent this determination and the VR agency and the participant agree to an extension.

- Review the RSA-911 text file and run calculations to ensure the data are consistent with information in the AWARE database.
- Obtain the employment and wage verification information necessary to validate participants' employment data that will be required by the final Workforce Innovation and Opportunity Act regulations and any related guidance provided by RSA.

OIG Response

We identified certain data element entries used to calculate performance data that were not correct or adequately supported and, therefore, were not reliable. We subsequently concluded that we have no assurance that the performance indicator results that RSA calculated for the 2012 reporting period were reliable and, as a result, RSA may have improperly determined OOD's successful performance on the evaluation standards.

We disagree that the VR counselors' entry of participant-reported employment information into the AWARE database meets RSA standards and is adequate source documentation. Although the case files in the AWARE database contained entries for employment data elements, the files did not contain source documentation to verify whether these data elements were reliable. Entering data into the AWARE database, including the employment data screen, does not create corroborating or supporting documentation. It is instead merely a data entry process. As stated in the finding, RSA has taken the position that the requirements in 34 C.F.R. §§ 361.47 and 361.56, taken together, require State VR agencies to maintain verifying documentation in the participant case file related to the participant's employment outcome, including the employment start date, the weekly earnings at closure, the hours worked in a week at closure, and that the participant maintained employment for 90 days.

Regarding the calculation of performance indicator 1.6, we agree that the primary support at application and closure data elements are used in the calculation of the performance indicator. As stated in the report, we limited our review to the most used and more critical data elements, such as weekly earnings and hours worked in a week at closure, which are used to calculate performance indicators 1.3, 1.4, 1.5, and 1.6. The primary support at application and closure data elements are only used in the calculation of performance indicator 1.6. In addition, not reviewing these data elements would not change the results reported in the finding.

We commend OOD for designing corrective actions intended to improve its controls to ensure that OOD staff obtain and maintain source documentation supporting participants' employment information. We did not make any changes to the finding or the related recommendation as a result of OOD's comments.

OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objectives were to determine whether OOD (1) had adequate internal controls to provide reasonable assurance that reported RSA-911 report data were accurate and complete and

(2) reported RSA-911 report performance indicator data that were accurate, complete, and adequately supported. Our audit covered OOD's 2012 RSA-911 report. To achieve our audit objectives we performed the following procedures.

1. Reviewed relevant laws, regulations, and guidance including the Rehabilitation Act of 1973, Title I, Parts A and B, Sections 100-111; Federal regulations at 34 C.F.R. Part 361 and 34 C.F.R. Parts 76 and 80; and the Ohio Administrative Code Chapter 3304-2 to gain an understanding of the requirements that OOD was required to follow when administering the VR program.
2. Reviewed RSA's "VR Program FY [Fiscal Year] 2013 Monitoring and Technical Assistance Guide;" RSA's fiscal year 2008 and 2013 monitoring reports on OOD; RSA's "FY 2012 Ohio Rehabilitation Services Commission Annual Review Report," September 5, 2013; the State of Ohio's single audit reports for fiscal years 2011 and 2012;⁴³ and the Ohio Auditor of State's "Ohio Rehabilitation Services Commission Performance Audit," July 3, 2008.
3. Interviewed OOD officials to gain an understanding of OOD's AWARE system and its procedures for capturing, reviewing, verifying, and submitting the RSA-911 report data. We interviewed a VR supervisor, four VR counselors, three program administrators, a rehabilitation program specialist, an AWARE business issues coordinator, a contracts manager for third-party arrangements, two database administration specialists, the Deputy Director for the Bureau of Services for the Visually Impaired, and the Program Integrity and Evaluation Manager.
4. Reviewed OOD's policies and procedures to gain an understanding of
 - a. the processes for preparing and submitting the RSA-911 report,
 - b. the processes for providing eligible participants with services to help them obtain or retain employment, and
 - c. the processes for ensuring VR case file documents were properly completed and maintained in participants' files and that the VR case data were properly recorded in the AWARE system.
5. We performed limited testing of the AWARE system controls including a review of the system security levels.
6. We reviewed the case files for a statistical sample of 163 case closures reported on OOD's 2012 RSA-911 report to determine whether OOD properly completed and maintained the required case service documents (application for services, certificate of eligibility, order of selection form, IPE, and closure letter) in the participants' case files. See the diagram in Attachment 2 for the required documents according to the participant's closure type. Also, for 94 of the 163 selected cases that were reported as closed with an employment outcome, we determined whether source documentation was

⁴³ The State of Ohio's fiscal year 2011 and 2012 single audit reports are for the periods July 1, 2010, through June 30, 2011, and July 1, 2011, through June 30, 2012, respectively.

maintained in the participants’ case files to show the employment start date, hours worked in a week at case closure, weekly earnings at case closure, and that the participant maintained employment for 90 days.

We used the COSO Report and Office of Management and Budget Circular A-133 as criteria for evaluating OOD’s internal controls over its VR case management process and the reporting process used to report its RSA-911 report data. We concluded that OOD did not have adequate internal controls to provide reasonable assurance that the data reported on its RSA-911 report were correct and adequately supported (see Finding No. 1).

Sampling Methodology

We verified the completeness of the data reported in OOD’s final 2012 RSA-911 report that was submitted on February 22, 2013. To verify the completeness of the data, we obtained a data extract in October 2013 from OOD’s AWARE system for the universe of closed VR cases for the 2012 reporting period and reconciled the universe to the universe of closed cases reported in OOD’s final 2012 RSA-911 report submission.

We stratified the universe of 21,554 closed cases reported on OOD’s 2012 RSA-911 report into two strata based on whether or not the case closure was designated as an employment outcome, as shown in Table 2 below.

Table 2. Sampling Stratum by Closure Type

Stratum	Type of Closure	Universe	Sample Size
1	Cases Closed with an employment outcome (closure type 3)	3,510	94
2	Cases closed without an employment outcome (all other closure types)	18,044	69
	Total	21,554	163

We selected a stratified random sample of 163 cases for review: from Stratum 1 we randomly selected 94 cases, and from Stratum 2 we randomly selected 69 cases. We established the sample sizes so that the estimated prevalence of data element attributes would have at most a margin of error of plus or minus 10 percent at the 95 percent confidence level for estimates both at the employment outcome stratum and across the universe of total case closures.

We calculated all estimates using sampling weights so that estimates reflect the intended population. Some attributes that we tested were applicable only to cases closed with an employment outcome, and those estimates are projected to the employment outcome case closures. Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Because each sample could have provided different estimates, we express our confidence in the precision of our particular sample’s results as a 95 percent confidence interval or a margin of error. This is the interval that would contain the actual population value for 95 percent of samples we could have drawn. All percentage estimates from the audit have margins of error of plus or minus 10 percentage points or less at the 95 percent confidence level.

The 163 participant case files included

- 20 cases closed as a closure type 1,
- 94 cases closed as a closure type 3,
- 10 cases closed as a closure type 4,
- 2 cases closed as a closure type 5,
- 1 case closed as a closure type 6, and
- 36 cases closed as a closure type 7.

Data Reliability

We verified the reliability of select data reported on OOD's 2012 RSA-911 report and maintained in OOD's AWARE database as follows.

1. For the 94 cases with an employment outcome, we determined whether the following data elements were correct and adequately supported according to source documents maintained in OOD's AWARE database: Social Security number, date of birth, race and ethnicity, application date, eligibility determination date, disability priority, IPE date, services provided, employer name, employment start date, weekly earnings at closure, hours worked in a week at closure, type of closure, and closure date.
2. For the 69 cases without an employment outcome, we determined whether the following data elements were correct and adequately supported according to source documents maintained in OOD's AWARE database: Social Security number, date of birth, race and ethnicity, application date, eligibility determination date, disability priority, IPE date, services provided, type of closure, and closure date. Not all of the data elements were applicable to all 69 cases. See Table 4 in Attachment 4 for the data elements reviewed according to the participant's type of closure code.

For the 163 cases sampled, we did not review the primary support at application, primary support at closure, and employment status at closure data elements used in performance indicator calculations because we limited what we verified to the most used and more critical data elements.

We calculated OOD's performance indicator scores using the data from the October 2013 data extract of closed cases for the 2012 reporting period and compared the performance indicator scores to the performance indicator scores RSA calculated by using the data from OOD's final submission of its 2012 RSA-911 report.

We found that VR case service data maintained in OOD's AWARE database and reported on its 2012 RSA-911 report, including performance indicator data, were not correct and adequately supported, and therefore were not reliable. Therefore, we were unable to determine the reliability of the performance indicator calculations used by RSA to assess OOD's performance against the evaluation standards' requirements (see Findings No. 1 and 2).

We conducted site work at OOD's offices in Columbus, Ohio, from September 16, 2013, through September 20, 2013. We conducted additional audit work at our offices from September 2013 through May 2015. We held an exit conference with OOD officials on April 13, 2015.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

This report incorporates the comments that you provided in response to the draft audit report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following U.S. Department of Education official, who will consider them before taking final Departmental action on this audit:

Janet LaBreck
Commissioner
Rehabilitation Services Administration
U.S. Department of Education
550 12th Street, SW, Room 5086
Washington, D.C. 20202

It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 calendar days would be appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation and assistance extended by your staff during our audit. If you have any questions or require additional information, you may contact me at (215) 656-6279 or Teri L. Lewis, Assistant Regional Inspector General for Audit, at (215) 656-6276.

Sincerely,

/s/

Bernard Tadley
Regional Inspector General for Audit

Attachments

Abbreviations, Acronyms, and Short Forms Used in This Report

2012 reporting period	October 1, 2011, through September 30, 2012
AWARE	Accessible Web-based Activity and Reporting Environment
C.F.R.	Code of Federal Regulations
COSO Report	The Committee of Sponsoring Organizations of the Treadway Commission's, "Internal Control Framework"
IPE	Individualized Plan for Employment
OOD	Opportunities for Ohioans with Disabilities
OSCAR	Online System for Computer Assisted Rehabilitation
RSA	Rehabilitation Services Administration
RSA-911 report	Case Service Report
VR	Vocational Rehabilitation

Diagram: The VR Process and its Related Participant Outcomes, Required Case File Documents, and Performance Indicators

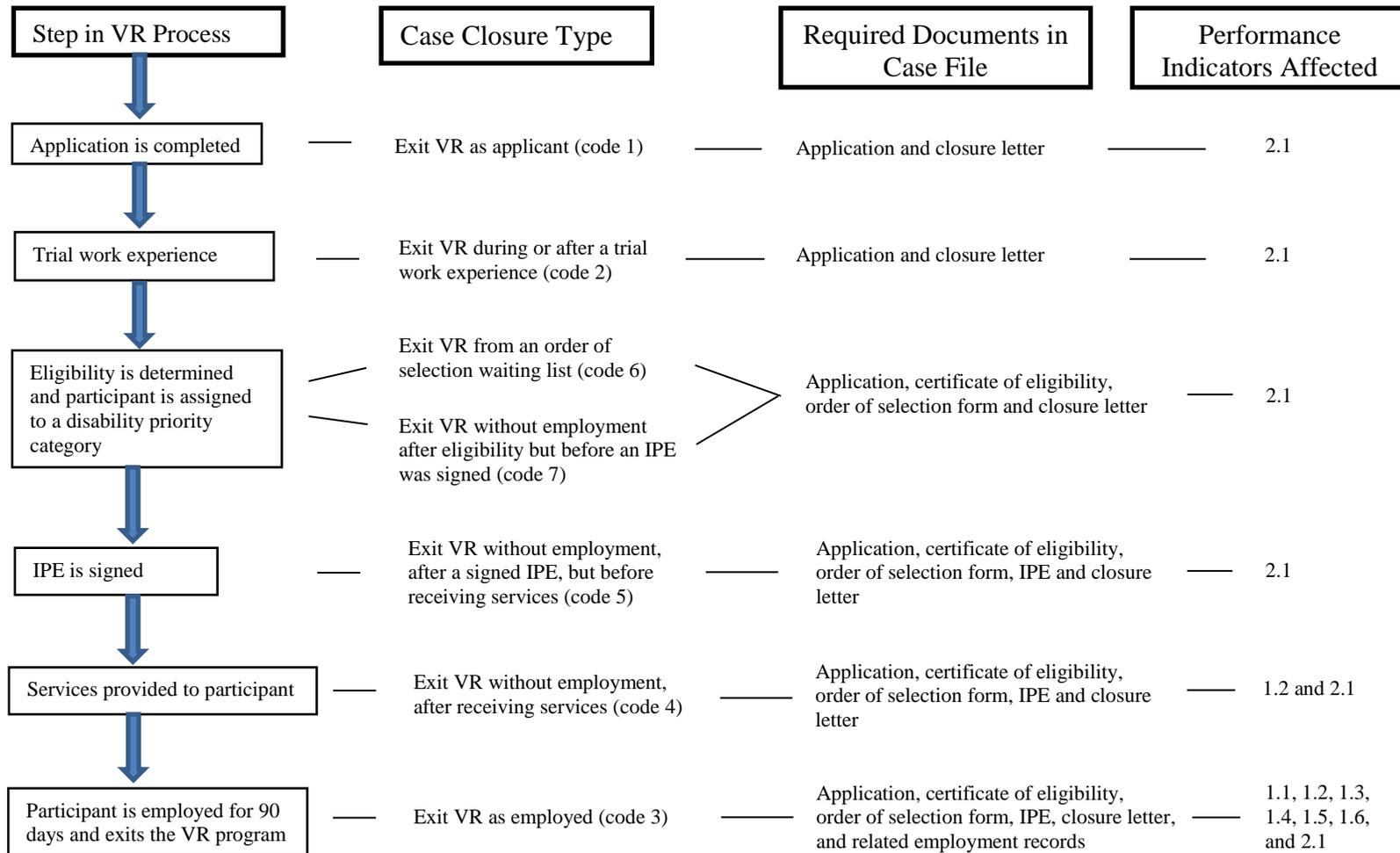


Table 3. Missing Documentation for Our Sample of 163 Participants

(A) Document	(B) Number of Required Documents	(C) Number of Required Documents Missing	(D) Percent of Required Documents Missing⁴⁴ (C/B)*
Application for services	163	8	5%
Certificate of eligibility	130	2	2%
Order of selection form	130	6	5%
Eligibility/order of selection letter	13	3	23%
IPE	106	2	2%
Closure letter	163	30	18%

* Rounded to the nearest percent.

⁴⁴ The percentages missing for the application and closure letters were based on the total number of 163 participants in the sample. Of the 163 participants 143 (163 -20 closure type 1 participants) were required to have a certificate of eligibility and order of selection form or an eligibility/order of selection letter in the file. Of the 143 participants, 130 were required to have a certificate of eligibility and order of selection form in the file. The percentages missing for certificate of eligibility and order of selection forms are based on the total of 130 participants. The remaining 13 participants (143-130) were required to have an eligibility/order of selection letter in the file. The percent of eligibility/order of selection letters missing is based on the total of 13 participants. The percent missing for the IPE is based on 106 participants in the sample requiring an IPE to be maintained in the file (94 closure type 3, 10 closure type 4, and 2 closure type 5).

Table 5. Summary of Incorrect and Unverifiable Data Entries for Participants Sampled According to the Closure Type

Closure Type	Number of Participants Sampled	Included Both Incorrect and Unverifiable Data Entries (A)	Included Unverifiable Data Entries (B)	Included Incorrect Data Entries (C)	Total Participant Files That Included Incorrect and Unverifiable Data Entries (A+B+C)	Data Correctly Reflected the Source Documents
Employment Obtained (Type 3)	94	26	11	36	73	21
Employment Not Obtained (All Other Types)	69	1	4	21	26	43
Totals	163	27	15	57	99	64

Table 6. Number of Incorrect and Unverifiable Data Entries According to the Data Element and Participant’s Closure Type

Data Element	Closure Type 3 Correct	Closure Type 3 Incorrect	Closure Type 3 Unverifiable	Closure Type 3 Totals	All Other Closure Types Correct	All Other Closure Types Incorrect	All Other Closure Types Unverifiable	All Other Closure Types N/A	All Other Closure Types Totals	All Closure Types Correct	All Closure Types Incorrect	All Closure Types Unverifiable	All Closure Types N/A	All Closure Types Totals
Social Security Number	94	0	0	94	68	1	0	0	69	162	1	0	0	163
Birth Date	92	2	0	94	68	1	0	0	69	160	3	0	0	163
Race Ethnicity	92	2	0	94	69	0	0	0	69	161	2	0	0	163
Application Date	74	11	9	94	50	15	4	0	69	124	26	13	0	163
Eligibility Date	74	13	7	94	45	4	0	20	69	119	17	7	20	163
Disability Priority	89	0	5	94	48	0	1	20	69	137	0	6	20	163
IPE Date	56	28	10	94	9	3	0	57	69	65	31	10	57	163
Employer Name	85	8	1	94	0	0	0	69	69	85	8	1	69	163
Employment Start Date	65	21	8	94	0	0	0	69	69	65	21	8	69	163
Weekly Earnings at Closure	65	13	16	94	0	0	0	69	69	65	13	16	69	163
Weekly Hours Worked at Closure	74	5	15	94	0	0	0	69	69	74	5	15	69	163
Closure Date	93	1	0	94	63	6	0	0	69	156	7	0	0	163
Closure Type	87	0	7	94	63	6	0	0	69	150	6	7	0	163

N/A – The data element was not applicable because it was not required for the participant’s closure type.

OOD's Response to the Draft Audit Report



John R. Kasich
Governor
Kevin L. Miller
Executive Director

Opportunities for Ohioans with Disabilities

Bureau of Services for the Visually Impaired
Bureau of Vocational Rehabilitation
Division of Disability Determination

December 22, 2015

Control Number: ED-OIG/A03P0001

Bernard Tadley
U.S. Department of Education, Office of Inspector General
The Wanamaker Building
100 Penn Square East, Room 502
Philadelphia, PA 19107

Dear Mr. Tadley,

Opportunities for Ohioans with Disabilities (OOD) is in receipt of the U.S. Department of Education, Office of Inspector General (OIG) communication from December 2, 2015. This correspondence included a draft audit report that covered the OOD 2012 RSA-911 report for the reporting period October 1, 2011, through September 30, 2012 (2012 reporting period).

We appreciate the opportunity to provide feedback to this draft audit report. OOD shares the U.S. Department of Education's commitment to the integrity of the data included in federal reports provided by the Vocational Rehabilitation (VR) program. Per your instruction, OOD submits the following written comments on the findings and recommendations contained in the draft audit report. This response includes information about continuous improvement efforts that OOD has implemented in the areas below to demonstrate increased controls implemented during and subsequent to Federal Fiscal Year (FFY) 2012.

Finding No. 1 – OOD Did Not Have Adequate Internal Controls to Assure the Accuracy of and Support Behind Its Case Service Report Data

OOD partially concurs with this finding and offers the following input:

OOD concurs with the finding that the controls in place during FFY 2012 did not ensure that the cases reviewed by the OIG had no instances of missing and/or inaccurate data as outlined in Table 3 and Table 6. It is important to note that OOD implemented a new case management system (AWARE) on 10/1/2012. One of the reasons for the selection of the AWARE case management system was the increased capability for improved management controls to address data integrity.

OOD does not concur that all of the elements in Table 6 were required or included in the 2012 RSA-911 file. Specifically, the employer name and the employment start date are not defined in RSA-PD-12-05 as data elements. The draft audit report acknowledges this in footnote 25: "The employer name and employment start date were not required to be reported on the 2012 RSA-911 report. Beginning with the 2014 RSA-911 report, the employment start date is a required data element."

Consequently, OOD does not agree that including these two (2) data elements should be interpreted as having a direct correlation to the inaccuracy of all of OOD's Standards and Indicators.

Recommendation: We recommend that the Commissioner of RSA require OOD to —

- 1.1 Establish and implement policies and procedures to ensure that
 - (1) all required VR case documents are completed and maintained in participants' case files; and
 - (2) all required VR case data recorded in the AWARE database agree to and are supported by adequate source documentation.

OOD concurs with this recommendation and offers the following input:

- 1.1 OOD concurs and is in the process of reviewing and updating Vocational Rehabilitation (VR) policies and procedures with the intent of aligning with new requirements under the Workforce Innovation and Opportunity Act (WIOA) and adding a level of detail that will ensure the consistency and accuracy of recorded data. It is worth noting that OOD has significant concern about guidance contained in OMB Control Number 1820-0508 which indicates more than forty RSA-911 data elements may not be modified or updated due to the nature of the elements during the life of the case. The social security number, birthdate, race/ethnicity, application date, eligibility date, and start date of employment, all of which were cited in the OIG's audit, are included in this list of forty. This directive would create a significant barrier for OOD and other States to maintain the standards of data integrity that are being evaluated in this audit. Therefore, OOD requests that RSA consider the input previously provided during the comment period for this policy directive change.

Corrective Action(s) Taken:

- OOD conducted a Lean Six-Sigma Kaizen improvement process in April 2012 to restructure and simplify the VR application and intake procedure, which set in motion significant reductions in the timeframe from application to eligibility for services. This revised process clarified the manner in which OOD uses AWARE to track individuals who had not yet applied for services in the referral module rather than the participant module. This prevents reporting individuals who have not yet applied for services in the RSA-911 report. The application and intake procedure was also subsequently revised to specifically define the application date in AWARE as the date the counselor signs the application.
- In May 2014, OOD developed an exceptions report to identify case records where the Eligibility letter may be missing. This report was made available to supervisors to monitor and ensure compliance, which also successfully addressed a similar State of Ohio audit finding. The quality assurance case review validates that this process has resulted in increased compliance in the area of having the Certificate of Eligibility/Eligibility letter

present in the case file at the following rates: FFY 2013 = 86.37%; FFY 2014 = 92.99%; and FFY 2015 = 97.85%.

- In October 2014, OOD began to use the State Verification Exchange System (SVES) to obtain information from the Social Security Administration for increased accuracy of SSNs, dates of birth, and SSI/SSDI benefit data. OOD validates AWARE data against the SVES database on a weekly basis and has processes in place to resolve any discrepancies in the data.

Corrective Action(s) Planned:

- OOD has reorganized VR staff to create a new VR Data and Reporting Unit. This Unit will be fully operational as of January 11, 2016, and will be responsible for performance reporting and management. This Unit will develop and distribute reports, no later than September 30, 2016, to verify the presence of the Closure letter document consistent with the strategy previously implemented for the Eligibility letter.
- OOD also has reorganized VR staff to increase resources in the VR Policy & Training Unit. They will focus on policy revisions due to WIOA implementation and staff compliance with case management data requirements and quality assurance monitoring findings.

Recommendation: We recommend that the Commissioner of RSA require OOD to —

- 1.2 Consider adding the specific checks listed above to the “Case Review for VR” form and to the quarterly and annual summary reports as part of the “scoring” to improve the quality assurance process and to better identify patterns and trends of staff documentation issues and areas for staff training.

OOD concurs with this recommendation and offers the following input:

- 1.2 OOD concurs with this recommendation, and will expand the quality assurance process to include additional items related to data integrity. This will allow OOD to better identify patterns and trends of staff documentation issues and areas for staff training. OOD is also focusing on more proactive solutions to this type of verification process throughout the life of the case. These solutions will be evaluated as part of the quality assurance case review process.

Corrective Action(s) Taken:

- In April 2012, OOD revised the quality assurance case review process and added areas of evaluation related to review and authentication of casework files. This additional review includes validating the source document against the pre-populated dates from the AWARE case system date for application, eligibility and IPE dates.
 - OOD has updated the case review procedure to reflect the revised process that has been put in place since the audit period. If the source data and the system do not match, the reviewer indicates this on the case review form and provides this feedback to the supervisor who works with the staff to correct the data.

Corrective Action(s) Planned:

- Upon issuance of the final WIOA regulations, OOD will be updating all VR policies and procedures to ensure alignment with new requirements under the law. As a part of these revisions, the Monitoring and Compliance Unit (MCU) will work in tandem with the VR program to update the quality assurance case review policy, procedure and associated forms. This will include the addition of elements related to data integrity and proper source documentation and is expected to be completed no later than twelve months following the final WIOA regulations.
- OOD is evaluating the case review procedure to determine changes related to this recommendation.

Recommendation: We recommend that the Commissioner of RSA require OOD to —

- 1.3 Revise its quality assurance process to use the results of the case reviews to assess whether its internal controls are working effectively and determine whether it should revise its VR policies and procedures.

OOD concurs with this recommendation and offers the following input:

- 1.3 OOD concurs and the MCU is currently involved in the policy and procedure development process and routinely provides training for VR staff about quality assurance standards and results of reviews.

Corrective Action(s) Planned:

- OOD is evaluating the case review procedure to incorporate changes that are in compliance with the new WIOA regulations and plans to implement no later than twelve months following the final regulations.
- OOD also has reorganized VR staff to increase resources in the VR Policy & Training Unit.
- They will focus on policy revisions due to WIOA implementation and staff compliance with case management data requirements and quality assurance monitoring findings.

Finding No. 2 – Performance Indicator Data Reported on OOD’s Fiscal Year 2012 Case Service Report Were Not Reliable

OOD partially concurs with this finding and offers the following input:

OOD does not concur that all Standards and Indicator data were unreliable. OOD contends that the processes in place during the period of this review met the standards put forth by the Rehabilitation Services Administration and were therefore adequate to ensure accurate reporting.

Specifically, OOD contends that the counselors’ entry into the AWARE case management system of the self-reported information from the individual would constitute adequate source documentation. Neither the

OIG nor OOD found any evidence as a part of this review that an individual reported as working was not in fact employed. This aligns with CFR §34.361.47(a)(9) which requires if an individual obtains competitive employment, verification that the individual is compensated at or above the minimum wage and that the wage and level of benefits are not less than that customarily paid by the employer for the same or similar work performed by nondisabled individuals.

Per footnote 31 of the draft audit report, the OIG did not review the primary support at application, primary support at closure, and employment status at closure data elements used in performance indicator calculations because they limited what was verified to the most used and more critical data elements. The omitted elements (primary support at application and at closure) are critical in calculating Standard 1.6.

Recommendation: We recommend that the Commissioner of RSA require OOD to—

- 2.1 Establish and implement controls to ensure that OOD staff obtain and maintain source documentation supporting participants employment information including the employment start date, weekly earnings at closure, hours worked in a week at closure, and that the participant maintained employment for 90 days.

OOD concurs with the recommendation and offers the following input:

- 2.1 OOD concurs with the importance of establishing and implementing controls to ensure that staff obtain and maintain source documentation supporting participant employment information including the employment start date, weekly earnings at closure, hours worked in a week at closure, and that the participant maintained employment for 90 days. OOD requests guidance from the Rehabilitation Services Administration about what constitutes sufficient source documentation for these data elements. As noted above, OOD contends that the counselors' entry into the AWARE case management system of the self-reported information from the individual would constitute adequate source documentation.

Corrective Action(s) Taken:

- In December 2012, OOD required the use of standard templates from vendors which are to include wage and hour information when purchasing job placement services.
- OOD runs the edit checker provided by the Rehabilitation Services Administration in order to resolve errors and anomalies in the RSA-911 data file prior to submission of this annual report. Beginning with the FFY 2014 RSA-911 file, OOD reviews the RSA-911 text file and runs calculations to ensure the data is consistent with information in the case management system. This is a further means to ensure accuracy of the data in the RSA-911 file.

Corrective Action(s) Planned:

- Based on final WIOA regulations scheduled to be released in early 2016, OOD requests RSA to provide clear guidance and expectation regarding supporting wage documentation, which is required consistently for all participating WIOA programs. Based on this guidance, OOD will continue partnering with the Ohio Department of Job and Family Services and the Ohio Department of Higher Education to obtain the necessary verification of employment and wage information to validate employment of individuals served by the VR

program. This is a requirement under WIOA and new processes should be in place no later than June 30, 2016.

Thank you for the opportunity to provide comment on this draft report. Please let us know if you have any questions about the contents of this response.

Sincerely,

Kevin Miller
Executive Director
Opportunities for Ohioans with Disabilities

Cc: OOD Commissioners
OOD Executive Staff