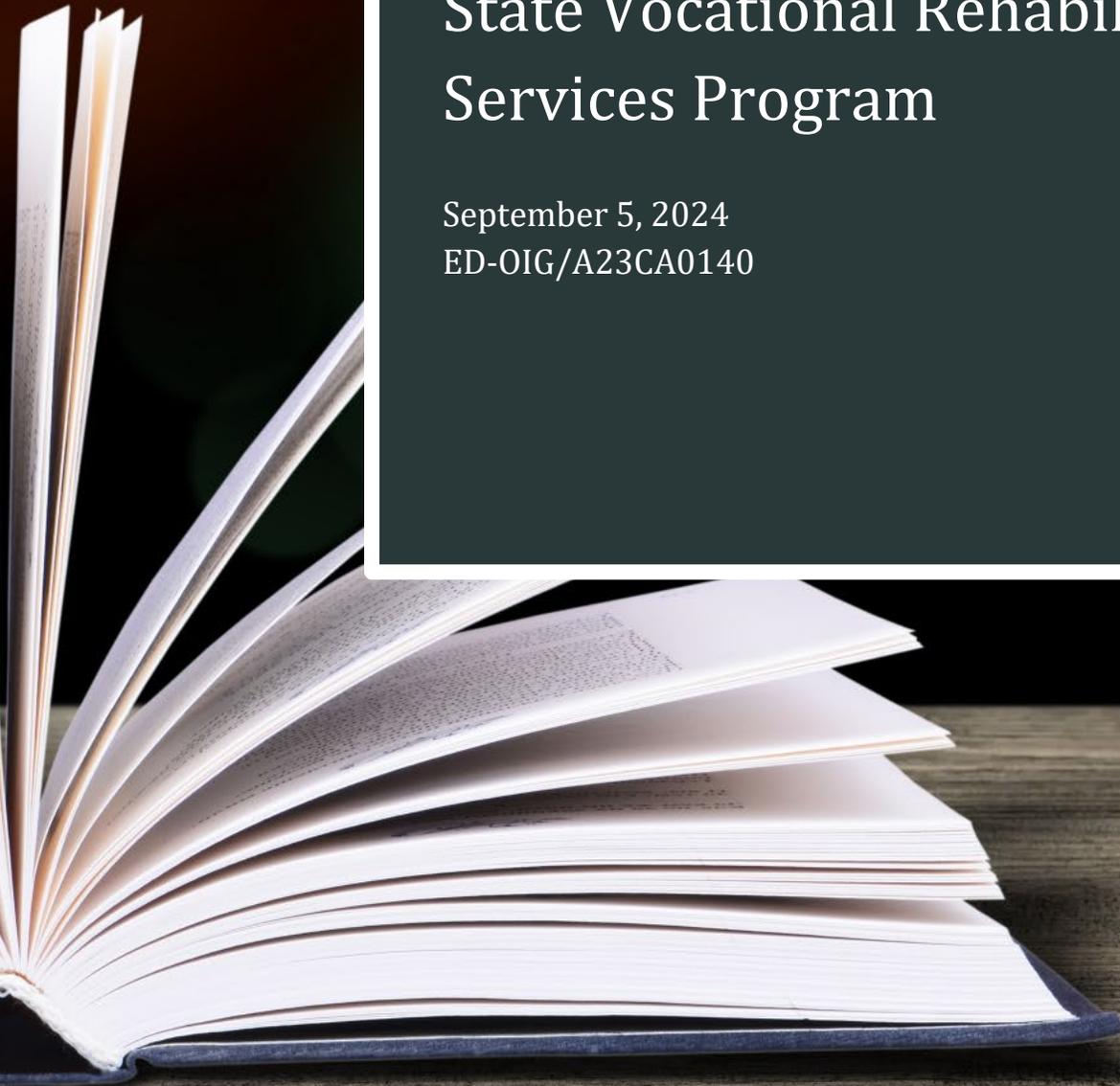




U.S. Department of Education
Office of Inspector General

Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program

September 5, 2024
ED-OIG/A23CA0140



NOTICE

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. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

September 5, 2024

TO: Glenna Wright-Gallo
Assistant Secretary
Office of Special Education and Rehabilitative Services

FROM: Sean Dawson /s/
Assistant Inspector General for Audit

SUBJECT: Final Audit Report, "Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program," Control Number ED-OIG/A23CA0140

Attached is the subject final audit report that consolidates the results of our review of "Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program," Control Number ED-OIG/A23CA0140. We have provided an electronic copy to your audit liaison officer. We received your comments agreeing with the recommendations in our draft report.

U.S. Department of Education policy requires that you submit a corrective action plan within 30 days of the issuance of this report. The corrective action plan should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the findings and recommendations contained in this final audit report. Corrective actions that your office proposes and implements will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on recommendations that have not been completed after 6 months from the date of issuance.

We appreciate your cooperation during this review. If you have any questions, please contact Ben C. Sanders, Regional Inspector General for Audit, at (916) 213-7630 or Ben.Sanders@ed.gov.

Attachment



Results in Brief

Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program

Why the OIG Performed this Audit

The State Vocational Rehabilitation Services Program (VR program) assists individuals with disabilities to prepare for and engage in competitive integrated employment or supported employment and achieve economic self-sufficiency.

The Rehabilitation Services Administration (RSA) awarded an average of \$3.5 billion in VR program grant funds to States annually from fiscal year 2021 through 2023, based on a statutory formula that considers population and per capita income, and the States' 1978 allotment. Effective use of these funds is critical to maximize individuals with disabilities' employment, independence, and integration into the community and the competitive labor market.

We performed this audit to determine whether RSA has sufficient processes for overseeing VR program grantees' effective use of funds in compliance with applicable requirements.

What Did the OIG Find?

We found that RSA generally had sufficient processes for overseeing State vocational rehabilitation (VR) agencies' effective use of funds. These processes included communicating clear, accurate, and timely guidance and technical assistance to State VR agencies; performing annual reviews for all State VR agencies; and conducting periodic onsite and offsite monitoring for selected State VR agencies. However, we found that RSA could strengthen its oversight in key areas by developing documented procedures for its annual reviews, improving its risk assessment processes by incorporating a risk factor that accounts for a State VR agency's technical assistance needs, and establishing a reasonable period during which all State VR agencies must be subject to onsite or offsite monitoring at least once.

What Is the Impact?

Without documented procedures for its annual review process, RSA reviewers might not fully understand expectations, resulting in inconsistencies in how the reviews are conducted. Further, internal controls can erode over time and implemented processes may be inconsistent with management's intentions.

By not incorporating a risk factor related to an agency's technical assistance needs into its accountability model, RSA might unintentionally omit this factor from its annual risk assessment of agencies or place too little or too much weight on an agency's technical assistance needs when selecting agencies for monitoring. Additionally, without a reasonable time period during which all agencies must be monitored by RSA at least once, RSA may unintentionally overlook or exclude an agency from RSA monitoring over an extended period of time.

What Are the Next Steps?

We made two recommendations to improve RSA's ability to effectively oversee State VR agencies' effective use of VR program funds. We also made suggestions for RSA to consider whether the Rehabilitation Act of 1973 should be amended to increase the likelihood that State VR agencies will be able to spend their entire VR program grant allocation, and if so, submit a legislative proposal in accordance with the Office of Management and Budget Circular A-19, Legislative Coordination and Clearance.

The Office of Special Education and Rehabilitative Services and RSA agreed with both of our recommendations. We made clarifying edits to the report in response to technical comments provided by U.S. Department of Education officials.

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Introduction

Background

The U.S. Department of Education’s (Department) Office of Special Education and Rehabilitative Services (OSERS) supports programs that serve millions of children, youth, and adults with disabilities. The Rehabilitation Services Administration (RSA), an office within the OSERS, oversees grant programs that help people with physical or mental disabilities obtain employment and live more independently by providing counseling, medical and psychological services, job training, and other individualized services. Through the State Vocational Rehabilitation Services Program (VR program), which is authorized by the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by Title IV of the Workforce Innovation and Opportunity Act (WIOA), RSA provides grants to States to assist them in operating statewide vocational rehabilitation (VR) programs. VR program grants are provided to support a wide range of services designed to help people with disabilities prepare for and engage in competitive integrated employment or supported employment and achieve economic self-sufficiency, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.¹

Each State designates a State agency to administer its VR program. Some States have two VR agencies: an agency for those who are blind or visually impaired and a general agency for those with all other disabilities. Other States use a combined VR agency that serves individuals with all disabilities in the State. In fiscal year (FY)² 2023, there were a total of 78 State VR agencies: 34 States and territories used a combined agency (34 agencies) and 22 States had two agencies (44 agencies). As shown in the table on the following page, RSA annually awarded between \$3.4–\$3.7 billion in VR program grant funds to State VR agencies over the past 3 fiscal years.

¹ To be eligible for VR services, individuals with disabilities must have a physical or mental impairment that results in a substantial impediment to them achieving employment.

² In this report, “FY” refers to the Federal fiscal year which runs from October 1 to September 30.

Table. VR Program Grant Funds Awarded to State VR Agencies

Fiscal Year	Funds Awarded
2021	\$3,414,894,803
2022	\$3,456,569,970
2023	\$3,673,923,701

Source: [VR Formula Grant Award information](#), obtained from RSA’s website on May 13, 2024.

Rehabilitation Services Administration

RSA is responsible for administering and overseeing the VR program and its grantees. RSA’s State Monitoring and Program Improvement Division (SMPID) oversees State VR agencies, which in part includes reviewing and approving WIOA Unified and Combined State plans, providing technical assistance, performing monitoring activities, and developing program policy and guidance. RSA’s Training and Service Programs Division (TSPD) oversees the technical assistance centers that provide technical assistance and training to State VR agencies for complex or systemic issues, including those related to managing agency resources, improving effective service delivery, and increasing the number and quality of employment outcomes for individuals with disabilities.

SMPID

SMPID consists of four functional units, each of which is led by a unit chief, and four State teams.

- **The VR Program Unit** administers the VR program, maintains a program performance profile on each State VR agency, develops program performance measures, and supports the State teams in their responsibilities (see below).
- **The Fiscal Unit** supports monitoring reviews and oversees the resolution of audit findings and relinquishment and reallocation of VR program grant funds.
- **The Technical Assistance Unit** develops and maintains a database of technical assistance resources and identifies resources that will assist State VR agencies in their program improvement efforts.
- **The Data Collection and Analysis Unit** collects and verifies data submitted by the State VR agencies.

State teams primarily provide guidance and technical assistance to State VR agencies and perform program and fiscal monitoring. Each State team is led by a State team facilitator and when fully staffed includes staff from each of SMPID’s four functional units. As of May 13, 2024, a total of 25 employees were assigned to the four teams (5–7

employees per team). Each State team has a portfolio of about 13–15 States or territories (19–20 State VR agencies) under their purview. According to RSA, staffing levels for its State teams declined by about 20 percent between 2016 and 2024, primarily due to a combined 41 percent decrease in staffing within the Technical Assistance and VR Program units.

TSPD

TSPD has two project officers that oversee the activities of the three technical assistance centers that were awarded discretionary grant funds in FY 2020 to provide technical assistance and training to State VR agencies for 5 years. The project officers answer questions and respond to inquiries from the technical assistance centers. The project officers reach out to SMPID when they need help in responding to an inquiry or answering a question from a technical assistance center. The technical assistance centers provide technical assistance and training to State VR agencies for complex or systemic issues and disseminate useful information and tools to assist the agencies in helping individuals with disabilities achieve quality employment and career advancement.

Key Requirements for RSA and State VR Agencies

Monitoring and Technical Assistance

The commissioner of RSA is required under section 107 of the Rehabilitation Act to conduct annual reviews and periodic onsite monitoring of programs authorized under Title I of the Rehabilitation Act to determine whether each State VR agency is complying substantially with the provisions of its State Plan and the evaluation standards and performance indicators established under section 106. In conducting monitoring, the commissioner of RSA must examine a State’s provision of services, which includes supported employment services and pre-employment transition services, and, if applicable, order of selection. The commissioner of RSA must also provide technical assistance to States and establish a corrective action plan (CAP) if a State’s VR program fails to comply substantially with the provisions of its State plan or the evaluation standards and performance indicators established under section 106. RSA must ensure that agencies correct the identified issues as soon as practicable.

Non-Federal Match, Pre-Employment Transition Services Reserve, and Relinquished Funds

Section 7 of the Rehabilitation Act defines the Federal share (for VR program expenditures) as 78.7 percent. As such, States are required to contribute a non-Federal share (match) equal to at least 21.3 percent of their total VR program expenditures (34 Code of Federal Regulations (C.F.R.) section 361.60). States are also required to

reserve at least 15 percent of their VR program allocation for the provision of pre-employment transition services (section 110(d)(1) of Rehabilitation Act). Pre-employment transition services assist students with disabilities in the early stages of career exploration and include job exploration counseling, work-based learning experiences, counseling on opportunities for postsecondary education and comprehensive transition programs for individuals with intellectual disabilities, work-readiness training, and instruction in self-advocacy and peer mentoring.

Section 110(b)(1) of the Rehabilitation Act requires the commissioner of RSA to determine, not later than 45 days prior to the end of the fiscal year, which States will not be able to use their entire VR allotments and the amount of Federal VR funds those States will not be able to use.³ If a State is unable to match or use its entire VR program allotment, awarded funds may be relinquished to RSA (“relinquishment of funds process”). Section 110(b)(2) of the Rehabilitation Act requires the commissioner of RSA to make those funds available to one or more other States that request funds and can match the additional funds during that fiscal year or the succeeding fiscal year and can provide the required match by September 30 of the fiscal year of appropriation. The commissioner must award the funds to other States as soon as practicable but not later than the end of the fiscal year (“reallotment process”). Any relinquished funds that cannot be awarded to other States through the reallotment process may be made available to the Disability Innovation Fund. In FY 2021 (the most recent fiscal year for which data were available as of the end of our fieldwork), 22 State VR agencies collectively relinquished \$299 million (about 9 percent) of the \$3.4 billion awarded to all State VR agencies during that fiscal year. Of the \$299 million, \$121.4 million (about 41 percent) was reallotted to 21 State VR agencies.⁴

Order of Selection

State VR agencies either must provide the full range of VR services to all eligible individuals with disabilities or, in the event that services cannot be provided to all eligible individuals in the State who apply for the services, include in the VR services

³ By August 15 of each fiscal year, States submit to RSA a form (RSA-692) that, in part, identifies the amount of VR program grant funds they will not use during that fiscal year. RSA uses information from the form to reallot formula grant funds.

⁴ After we issued the draft of this report, Department officials told us that in FY 2023, 21 State VR agencies relinquished a total of \$346.6 million (about 9 percent) of the \$3.7 billion awarded to all State VR agencies during that fiscal year. The officials added that 13 State VR agencies requested and received a total of \$96.5 million in reallotment funds.

portion of the Unified or Combined State Plan the order to be followed in selecting eligible individuals to be provided services (34 C.F.R. section 361.36(a)(1)). Individuals with the most significant disabilities must be given priority over those with less significant disabilities (through a process called "order of selection" (OOS)) and individuals who do not meet the OOS criteria must have access to services provided through the State VR agency's information and referral system (34 C.F.R. section 361.36(a)(3)(iv)). Eligible individuals who cannot be served are assigned to a waiting list based upon the priority category to which they are assigned.

Insufficient funding from the State or other sources is not the only reason why a State VR agency may need to be on OOS. Other factors, such as limited staffing and vendor availability, could also be causes. For example, a State VR agency with sufficient funding may still need to be on OOS because it cannot provide the needed services for all eligible individuals due to low staff count or a hiring freeze imposed by the State. Ultimately, agencies determine whether they need to be on OOS and they may be on and off OOS throughout the fiscal year depending on the available resources (such as fiscal, human capital, and vendor resources).

Finding. RSA Generally had Sufficient Processes for Overseeing Grantees' Effective Use of Funds but Can Strengthen its Oversight in Key Areas

RSA generally had sufficient processes for overseeing State VR agencies' effective use of funds in compliance with applicable requirements but can strengthen its oversight in key areas. It communicated clear, accurate, and timely guidance and technical assistance to State VR agencies regarding allowable sources of funds that could be applied to their non-Federal share for the VR program and ways for agencies to maximize the expenditure of grant funds for VR services. RSA primarily oversaw and monitored the State VR agencies through the annual reviews it performed for all 78 agencies and the periodic onsite monitoring and offsite monitoring (collectively, "monitoring") it performed for selected agencies.⁵

RSA's annual review and monitoring focused on key requirements and were designed in a way that should enable RSA to determine whether State VR agencies are substantially complying with the requirements in the VR services portion of their WIOA Unified and Combined State Plans, the jointly-administered requirements of those State plans, and the evaluation standards and performance indicators established under section 106 of the Rehabilitation Act and section 116(b) of the WIOA. However, although RSA had documented procedures for its monitoring activities, it did not have documented procedures for its annual review process. Without procedures documented in the form of written policies and procedures or protocols, RSA reviewers might not fully understand what is expected of them or what they should be reviewing, and it could result in inconsistencies in how the annual reviews are conducted. Documented procedures also help facilitate the training of new and current employees. Without them, internal controls can erode over time, and employees may implement undocumented internal controls that are inconsistent with management's intentions. Additionally, we concluded that RSA's process for selecting State VR agencies to monitor could be strengthened by incorporating a risk factor that accounts for an agency's technical assistance needs into the accountability model used to help select agencies

⁵ Section 107 of the Rehabilitation Act requires RSA to perform periodic onsite monitoring of State VR agencies, but it does not require RSA to perform offsite monitoring. Unless otherwise noted, we use "monitoring" in this report to collectively refer to both the required periodic onsite monitoring and supplementary offsite monitoring.

and by establishing a reasonable time period during which all State VR agencies must be monitored by RSA at least once.

Guidance and Technical Assistance Provided to State VR Agencies

RSA primarily provided guidance and technical assistance to State VR agencies through the virtual quarterly meetings its State teams held with agencies, the work of its technical assistance centers, and the dissemination of technical assistance circulars. RSA also issued Frequently Asked Questions documents on topics related to pre-employment transition services, post-employment services, and administrative and fiscal management of State VR programs, including allowable uses of funds; and a Dear Colleague Letter (DCL-23-02, June 2023) informing State VR agencies of RSA's change in interpretation of "recipient" for purposes of determining satisfaction of the carryover requirement under section 19(b) of the Rehabilitation Act and 34 C.F.R. section 361.64(b). As noted later in this report, RSA also provided guidance and technical assistance as needed during the annual reviews and monitoring it performed for agencies and as part of the related corrective action development.

RSA State Teams' Virtual Quarterly Meetings with State VR Agencies

RSA State teams held virtual quarterly meetings with their assigned agencies to answer State VR agencies' questions and discuss trends in the agencies' fiscal and programmatic data, including changes in trends that the State team observed since the last quarterly meeting.⁶ If the trends were negative, RSA requested that the State VR agency identify possible reasons for those trends and offered to assist the agency in addressing the issues on its own or through one of its technical assistance centers. During the virtual quarterly meetings, the State teams typically provided State VR agencies with a mix of general and targeted assistance based on the agency's unique needs. The assistance ranged from answering simple questions to providing technical assistance for complex systemic issues, including issues related to maintenance of effort and the required reserve for pre-employment transition services. As needed, agencies also reached out to the RSA State teams throughout the year for specific technical assistance needs, particularly when developing new processes or implementing new initiatives.

⁶ The State teams held separate virtual quarterly meetings with agencies from each State or territory.

Technical Assistance Centers

In FY 2020, three technical assistance centers were awarded discretionary grant funds to provide technical assistance and training to State VR agencies for 5 years. They provided technical assistance and training for complex or systemic issues related to managing State VR agency resources, improving effective service delivery, increasing the number and quality of employment outcomes for individuals with disabilities, and helping individuals with disabilities achieve quality employment and career advancement. The technical assistance centers also disseminated information and tools to the agencies to assist them in delivering services and instruction to secondary students and out-of-school youth with disabilities.

Collectively, the three technical assistance centers provided targeted technical assistance for all 78 State VR agencies during FY 2023. One technical assistance center reported in its FY 2023 annual performance report that it provided customized technical assistance to the 19 State VR agencies with intensive technical assistance agreements. For those agencies, the technical assistance center reported that it provided access to personnel and resources intended to help improve the quality and impact of VR services (leading to high-quality, competitive integrated employment); identified best practices that could lead to quality employment for individuals with disabilities; and provided customized training and technical assistance based on the State VR agencies' needs.

Technical Assistance Circulars

RSA supplemented the guidance and technical assistance it provided to State VR agencies through its State teams and technical assistance centers by issuing several technical assistance circulars⁷ that contained relevant information and guidance for agencies as they administered their State's VR programs. We determined that RSA communicated clear, accurate, and timely guidance and technical assistance to State VR agencies regarding key topics, including allowable source of funds that could be applied to agencies' non-Federal share for the VR program and ways agencies could maximize the expenditure of available Federal funds for VR services that could strengthen quality employment outcomes for individuals with disabilities.

⁷ Technical Assistance Circular 23-01, Allowable Sources of Non-Federal Share for the State Vocational Rehabilitation Services Program (February 2023); Technical Assistance Circular 23-03, Maximizing Services and the Use of Funds to Support Quality Employment Outcomes for Individuals with Disabilities through the Vocational Rehabilitation and Supported Employment Programs (July 2023); and Technical Assistance Circular 24-01, Promoting Meaningful and Sustained Engagement of Individuals with Disabilities in the State Vocational Rehabilitation Services Program (October 2023).

RSA's Oversight and Monitoring of State VR Agencies

RSA primarily oversees and monitors State VR agencies through the annual reviews and monitoring that SMPID performs to determine whether States (through their State VR agencies) are substantially complying with the requirements in the VR services portion of their WIOA Unified and Combined State Plans, the jointly-administered requirements of those State Plans,⁸ and the evaluation standards and performance indicators established under section 106 of the Rehabilitation Act and section 116(b) of the WIOA.

RSA's Annual Review of State VR Agencies

Each year, RSA conducts annual reviews of all State VR agencies to determine whether they complied with applicable requirements. Specifically, RSA verifies that the agency submitted the required performance and fiscal data reports, including the Case Service Report (RSA-911), Vocational Rehabilitation Financial Report (RSA-17), and Resolution of Applicant/Client Appeals (RSA-722);⁹ and reviews information from those reports and the Department's G5 grants management system to determine whether the agency complied with applicable requirements in the following five areas: (1) match (21.3 percent non-Federal share), (2) maintenance of effort, (3) submission of required financial or other reports (such as the RSA-911, RSA-17, and RSA-722), (4) carryover, and (5) 15 percent minimum requirement for reservation of VR funds for the provision of pre-employment transition services. The Fiscal Unit Chief and fiscal staff within RSA's SMPID perform the annual reviews. According to RSA officials, assessments for each compliance requirement occur annually but are completed at different times during the year depending on the availability of information needed to conduct the assessment.

RSA developed a spreadsheet that its fiscal staff use to help complete the annual reviews. The spreadsheet has fields for information related to the five areas listed above; information for each compliance area is captured in a separate table. The spreadsheet has query links for most fields that will populate updated information (in

⁸ A State plan, in part, describes what States and territories are doing to help citizens, including those with barriers to employment into high-quality careers (such as individuals with disabilities); and how States and territories are helping businesses hire and retain skilled workers.

⁹ The RSA-911 collects quarterly administrative data on both open and closed consumer cases from State VR agencies and provides RSA with key information (such as employment outcome data) on the individuals being served by the agencies. The RSA-17 collects from State VR agencies quarterly cumulative VR financial data by award. The RSA-722 annually collects from State VR agencies information on appeals made by applicants or other individuals against adverse State VR unit or State agency actions.

those fields) when an RSA reviewer clicks on the links. Information populated in the spreadsheet comes from the RSA Management Information System, which collects and stores data from the RSA-911, RSA-17, RSA-722, and other forms that State VR agencies submit to RSA; and the Department's G5 grants management system, which stores agencies' grant award data. RSA's Fiscal Unit Chief typically clicks on the query links to update information in the spreadsheet weekly throughout the year. The spreadsheet has controls to identify discrepancies between a State VR agency's actual and reported expenditures, and highlights any discrepancies in red font. The spreadsheet also has built-in formulas that identify whether the State VR agency is complying with each requirement. A "yes" response indicates compliance, and a "no" response indicates noncompliance.¹⁰

RSA sends a letter to a State VR agency when noncompliance with any of the five compliance areas is identified during the annual review, unless that same noncompliance was identified during recent onsite or offsite monitoring performed by RSA and the State VR agency did not have sufficient time to correct the issue. According to RSA's Fiscal Unit Chief, RSA tries to avoid sending multiple letters to an agency for the same compliance issue. For example, if an issue was identified during monitoring and the State VR agency is in the process of correcting the issue, RSA would not send an annual review letter to the agency for that same issue. It would, however, send a letter if that issue had not yet been communicated to the agency. RSA does not send an annual review letter to a State VR agency that complied with all applicable requirements.

In the annual review letter, RSA describes how the State VR agency was out of compliance and usually requires it to provide a response and proposed CAP to correct the identified issues. RSA management discusses an agency's noncompliance and determines whether it will be required to submit a CAP. RSA told us that a State VR agency substantially in compliance with a requirement (that is, within a certain range or margin of error) might not need to develop a CAP. RSA reviews the agency's response and proposed CAP and follows up with it if the response or proposed CAP is insufficient. RSA typically requires State VR agencies to correct issues within 1 year of RSA identifying them. If it finds that State VR agencies are not making adequate progress on their CAPs, RSA will send another letter to agencies notifying them that corrective actions have not been taken and that they could face further enforcement action (for example, recovery of funds or special conditions) if the deficiencies are not remedied. For the FY 2023

¹⁰ We assessed the design of the annual review spreadsheet, but did not perform detailed testing to verify that the built-in formulas and query links were working as intended.

review cycle, RSA sent annual review letters to 29 States that had not reserved and expended at least 15 percent of their FY 2021 VR program grant award for the provision of pre-employment transition services and required 27 (93 percent) of the 29 States to prepare CAPs to remedy the issue.

RSA's annual review process focuses on key requirements that State VR agencies must comply with and its spreadsheet is designed to ensure that RSA fiscal staff could detect if an agency is not complying with those requirements. However, RSA's procedures for executing this process were not documented in the form of written policies and procedures or protocols. RSA told us that its annual review process was not documented in writing because the process was well established and used consistently from year to year. Without documented procedures to guide RSA's annual review process, RSA reviewers might not fully understand what is expected of them or what they should be reviewing, and it could result in inconsistencies in how the annual reviews are conducted. Documented procedures help facilitate the training of new and current employees and without them, internal controls can erode over time and employees may implement undocumented internal controls inconsistent with management's intentions.

The Department's "Guide for Managing Formula Grant Programs" (Formula Grant Guide), August 2019 and updated August 2023, requires a principal office (such as RSA) to establish standard operating procedures for various activities, including the monitoring of formula grantees (section VII(A)). The standard operating procedures must establish streamlined and efficient formula grant processes that ensure programmatic and fiscal accountability; and describe responsibilities, by positions, for the required procedural steps (section VII(B)). The U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (September 2014) states that management should identify, analyze, and respond to risks related to achieving the defined objectives (section 7.01) and consider the potential for fraud when identifying, analyzing, and responding to risks (section 8.01). It also states that management should design control activities to achieve objectives and respond to risks (section 10.01) and implement control activities through policies (section 12.01). Further, management should document in policies the internal control responsibilities of the organization (section 12.02) and, for each unit, its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness (section 12.03). Lastly, the standards state that those in key roles for the unit may further define policies through day-to-day procedures, depending on the rate of change in the operating environment and complexity of the operational process; and that management should communicate to

personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities (section 12.04).

RSA's Monitoring of Selected State VR Agencies

RSA conducts periodic onsite monitoring of selected State VR agencies in accordance with the requirements in section 107 of the Rehabilitation Act. While not required under Federal law, RSA also conducts offsite monitoring when circumstances such as the coronavirus pandemic or limited travel budgets prevent onsite monitoring, a practice it started in 2020 in response to the coronavirus pandemic. RSA reviewers use the same review guide and perform the same monitoring procedures regardless of whether monitoring is conducted onsite or offsite. RSA issues a report for each monitoring review conducted. Monitoring is performed by various staff within RSA's SMPID, including State team facilitators and financial management specialists. Like the annual reviews, the monitoring helps RSA to determine whether State VR agencies are substantially complying with the requirements in the VR services portion of their WIOA Unified and Combined State Plans and the evaluation standards and performance indicators established under section 106 of the Rehabilitation Act and section 116(b) of the WIOA.

The reviewers used RSA's FY 2023 Monitoring and Technical Assistance Guide (MTAG) to guide their FY 2023 monitoring activities. The MTAG described the processes that RSA reviewers were to follow when providing technical assistance and monitoring the progress of State VR agencies in maximizing their expenditure of Federal funds to improve the quality of services for and employment outcomes achieved by individuals with disabilities, and in complying with requirements under the Rehabilitation Act. Key procedures in the MTAG included steps for RSA to review the State VR agency's policies, procedures, and practices related to key focus areas;¹¹ review the State VR agency's internal controls, particularly those related to the agency's reporting and expenditure of funds for services; provide technical assistance to the State VR agency (as requested by the agency or recommended by RSA) and develop strategic actions to address issues identified during the review; and review and analyze the State VR agency's performance in relation to the key focus areas. Reviewers were required to review components of an

¹¹ For FY 2023, the two focus areas were (1) performance of the VR and Supported Employment programs, including how the State VR agency is implementing strategies and practices to achieve continuous improvement in the delivery of VR services, including pre-employment transition services; and (2) financial management of the VR and Supported Employment programs that supports and maximizes the use of Federal funds and resources to achieve continuous improvement in assisting individuals with disabilities to achieve quality employment outcomes.

agency's financial management system and assess the fiscal accountability of the programs, in part, to ensure that funds were expended within the period of obligation and were used only for allowable purposes.

Risk Assessment and Agency Selection

Each year, prior to selecting State VR agencies for monitoring, RSA performs a risk assessment covering all State VR agencies. The risk criteria for that assessment are included in RSA's accountability model.¹² RSA documents the results of its assessment (risk scores for each agency) in a risk spreadsheet. For FY 2023, RSA assessed State VR agency risk across the following four factors: (1) The percentage of a State's FY 2020 VR allotment that the agency expended during the period of performance, (2) the percentage of a State's FY 2021 VR allotment that the agency expended during the year of appropriation, (3) the percentage change in VR program participants from program year 2020 to 2021, and (4) the percentage of the total FY 2022 VR grant appropriation that the State's FY 2022 allotment represented. For each agency, RSA assigned a risk score for each risk factor that ranged from 1 to 5, with 5 being the highest risk score. RSA then added the risk scores for all four risk factors and divided by four to determine an overall risk score for each agency.

For FY 2023 monitoring, RSA selected the State VR agencies with higher risk scores in the accountability model or that were most in need of technical assistance, which aligned with the guidance in the MTAG and the testimonial evidence we obtained from RSA officials. RSA officials told us that RSA typically learns which State VR agencies most need technical assistance from the quarterly calls that its State teams hold with agencies and the results of the annual reviews. The RSA State teams share which agencies most need technical assistance, which senior management then considers as they finalize the list of agencies that will be subject to RSA monitoring. According to RSA's Deputy Commissioner, RSA's goal is to complete monitoring for 8–12 State VR agencies each year. For FY 2023, RSA selected 12 agencies for monitoring (8 reviews to be conducted remotely and 4 onsite). Of the 12 State VR agencies, 8 agencies were in the top 12 in terms of overall risk score in the risk spreadsheet. The other four agencies were selected for other reasons: two were selected because they had significant amounts of unused VR program funds, and two were selected because RSA had concerns about their financial management of the State's VR program.

¹² RSA told us that it periodically revises the risk criteria in the accountability model, and last revised the model's risk criteria in FY 2022.

RSA's process for selecting State VR agencies to monitor incorporates key risk factors and should generally ensure that higher-risk agencies are selected for monitoring each year. However, RSA's process could be strengthened by incorporating into the accountability model a risk factor that accounts for an agency's technical assistance needs and establishing a period during which every agency must be monitored by RSA (through periodic onsite or offsite monitoring) at least once. Incorporating the technical assistance risk factor into the accountability model would help ensure that an agency's technical assistance needs are always considered when RSA assesses agency risk and that numeric values are assigned for this factor, which could better inform selection decisions. Establishing a period¹³ during which an agency must be monitored would help ensure that RSA does not unintentionally overlook or exclude an agency from RSA monitoring over an extended period of time. This is particularly important given that over the past seven fiscal years (FYs 2017–2023), 16 (21 percent) of 78 State VR agencies were not subject to RSA monitoring (onsite or offsite).¹⁴

RSA's consideration of a State VR agency's technical assistance needs outside of the accountability model could lead to RSA unintentionally omitting this factor from its annual risk assessment of agencies or RSA placing too little or too much weight on an agency's technical assistance needs when selecting agencies for monitoring. Also, by not incorporating the agency's technical assistance needs risk factor into its accountability model, RSA might not be consistent in how it ranks agencies each year, and some higher-risk agencies could have lower risk scores than they otherwise would have. Section VIII of the Department's Formula Grant Guide states that a program office should focus on the most critical risks, and the risk assessment process should include a risk rubric to identify and assess a grantee's potential risk in the areas of meeting performance standards and complying with program, financial, and administrative requirements.

According to RSA's Data Collection and Analysis Unit Chief, the Department's Formula Grant Guide requires RSA to use a risk-based approach instead of a cyclical approach (where selected agencies are pre-determined based on a review cycle) when selecting State VR agencies to monitor. RSA officials told us that RSA has used a risk-based approach to select agencies to monitor since FY 2017. Risk-based monitoring can be an effective approach to oversight, particularly in situations where resources might be

¹³ Given that there are 78 agencies and RSA's goal is to monitor 8–12 agencies per year, ensuring that all agencies are monitored every 8–10 years would be reasonable.

¹⁴ These 16 State VR agencies were still subject to the annual reviews that RSA performs for all agencies each year.

limited. However, without a reasonable period (for example, 8 to 10 years) during which all agencies must be monitored at least once, RSA may unintentionally overlook or exclude an agency from RSA monitoring over an extended period. Regular monitoring from oversight entities is often a useful deterrent for those agencies that could be subject to that monitoring. State VR agencies that have not been monitored by RSA in a long time (for example, more than 10 years) may be more susceptible to fraud, waste, or abuse.

Section VIII of the Department's Formula Grant Guide states that in assisting grantees in meeting performance standards and complying with grant requirements, a program office may carry out proactive oversight activities and scheduled monitoring reviews. Additionally, it states that when conducting a risk assessment for the purpose of monitoring a formula grant program, the program office should include all grantees each year or a subset of grantees that, over an appropriate period of time, will enable the program office to ensure an appropriate level of oversight for all grantees. Finally, it states that when choosing the monitoring strategy for each grantee, the program office should in part consider the type, scope, and frequency of the monitoring reviews.

OIG Review of RSA's Oversight and Monitoring for Selected State VR Agencies

Based on our interviews with RSA State Team employees and review of documents and records supporting RSA's oversight and monitoring of three judgmentally selected State VR agencies, we determined that RSA followed its established processes and was consistent in how it monitored and oversaw the three State VR agencies. Specifically, we confirmed that:

- RSA held quarterly meetings with the three State VR agencies and provided relevant and useful guidance and technical assistance in response to discussions at those meetings, helping one State VR agency to come off OOS;
- RSA and a technical assistance center provided targeted technical assistance to one or more of the three agencies in key areas, such as pre-employment transition services, timeliness of eligibility determinations, and period of performance;¹⁵

¹⁵ During the fiscal year of appropriation, the period of performance runs from October 1 through September 30 of that fiscal year. The performance period is the period in which the award was made and the grantee may incur new obligations against the award.

- RSA completed the FY 2023 annual reviews for the three State VR agencies and evaluated all five compliance requirements¹⁶ as part of those reviews;
- RSA reviewers performed the monitoring activities required to be performed under the MTAG for both State VR agencies that were subject to RSA monitoring; and
- for both agencies with CAPs that we could review, RSA developed, approved, and tracked the CAPs in accordance with the processes that it described during interviews and in the MTAG.

Barriers Impacting State VR Agencies' Ability to Use Their Entire VR Program Grant Allocation

RSA identified or was informed of several barriers that have impacted some State VR agencies' ability to spend their entire VR program grant allocation and contributed to some agencies having to return funds. It identified or learned of the following barriers while providing technical assistance to the agencies, conducting FY 2023 monitoring of the agencies, or both.

1. **State funding.** Insufficient funding from the State to meet the 21.3 percent non-Federal match requirement (common challenge for State VR agencies).
2. **Staffing issues.** Inadequate staffing levels, low salaries, and inability to hire and retain staff, in part due to insufficient funding from the State.
3. **Fewer service providers.** Difficulty finding service providers post-coronavirus pandemic, in part due to providers not receiving rate increases and thus having trouble retaining staff.
4. **Poor reputation.** The State legislature and members of the public view some State VR agencies poorly due to prior misuse of funds by former agency employees.
5. **Fiscal forecasting.** Difficulty forecasting budget and spending, in part due to the reserve and other programmatic requirements under the Rehabilitation Act and for some agencies, the need to collaborate with other entities when working to meet requirements (such as non-Federal match, maintenance of effort, carryover, and pre-employment transition services provision) that must be satisfied on a State basis instead of at the agency level. Forecasting is especially

¹⁶ The five compliance areas covered by RSA's annual reviews are (1) 21.3 percent non-Federal share, (2) maintenance of effort, (3) submission of required financial or other reports, (4) carryover, and (5) 15 percent minimum reservation for the provision of pre-employment transition services.

difficult when there are two State VR agencies in a State, given the collaboration required to ensure that both agencies collectively meet applicable requirements.

In 2023, RSA issued three technical assistance circulars to help State VR agencies overcome barriers. These circulars communicated guidance and technical assistance information intended, in part, to help State VR agencies eliminate or reduce the amount of VR program grant funds they return each year.

- **Technical Assistance Circular 23-01** (February 2023) provides guidance to agencies on the allowable funding sources that could be utilized to help agencies meet the non-Federal share requirement.
- **Technical Assistance Circular 23-03** (July 2023) provides guidance on how agencies can maximize the use of funds to provide VR services that could strengthen quality employment outcomes.
- **Technical Assistance Circular 24-01** (October 2023) provides guidance intended, in part, to support agencies in their efforts to develop and implement meaningful engagement strategies which in turn could put agencies in a better position to maximize their expenditure of available Federal funds for VR services, including pre-employment transition services.

RSA also provided guidance, technical assistance, and suggestions to State VR agencies to help them improve VR program outcomes. For example, for one State VR agency, RSA analyzed the agency's performance indicators, discussed data trends with the agency, and provided the agency with suggestions to improve performance. For another State VR agency, RSA provided guidance and technical assistance related to pre-employment transition services expenditures and selected the agency as one of the 12 agencies that it would monitor in FY 2023 (in part, due to the known barriers and issues at the agency). RSA's actions in response to learning of the barriers could help State VR agencies overcome some or all of their barriers to the extent they are within their control. However, because agencies may encounter obstacles or barriers that they cannot control (for example, inadequate funding from the State or a State-imposed hiring freeze), it is possible that even with stronger guidance, technical assistance, oversight, and monitoring from RSA, some State VR agencies might still have difficulty spending their entire grant allocation.

Insufficient funding from the State to meet the non-Federal share requirement has been a common challenge for State VR agencies and has, in part, led to many agencies relinquishing funds. During the 4-year period, FY 2019–FY 2022, almost half (37, or 47 percent) of the 78 State VR agencies relinquished funds at least once. More than a quarter (22, or 28 percent) of the 78 agencies relinquished funds at least twice during

the 4-year period, with one agency relinquishing funds in all 4 years. While it is clear that State VR agencies are relinquishing funds, the root cause of that relinquishment is not as clear and could vary by agency depending on their particular situation. However, based on feedback that State VR agencies provided to RSA and the results of RSA or other reviews of the VR program, program requirements such as the 21.3 percent non-Federal share requirement and 15 percent minimum reservation required for the provision of pre-employment transition services could be part of the cause. For example, more than half (30, or 54 percent) of 56 States and territories¹⁷ did not comply with the 15 percent minimum reservation requirement for the provision of pre-employment transition services when RSA reviewed each State VR agency's FY 2021 data in FY 2023, which could indicate the requirement is difficult for agencies to meet and that might need to be reassessed.

The State VR funding formula, set by Congress, could also be a cause. In a 2009 GAO report,¹⁸ GAO concluded that the State VR funding formula did not meet equity standards because it used imprecise measures of State needs and resources. GAO presented three options for revising the formula: the first option would distribute funds based on States' disability populations, the second option would also account for costs of providing services, and the third option would further account for State resources beyond per capita income. We asked RSA's Fiscal Unit Chief if any major changes had been made to the State VR funding formula since it was established in 1978. In response, the chief told us that he was not aware of any changes and that any changes to the State VR funding formula would require legislative change (see [Additional Matter for Consideration](#)).

Recommendations

We recommend that the Assistant Secretary for OSERS require RSA to—

- 1.1 Design and document procedures for its annual review process. The procedures should be in the form of written policies and procedures or protocols, and designed to ensure compliance with applicable requirements, including those

¹⁷ The 15 percent minimum reservation for the provision of pre-employment transition services is assessed at the State or territory level, not at the agency level. When noncompliance is presented at the agency level, 44 (56 percent) of 78 State VR agencies did not comply with the 15 percent minimum reservation requirement for provision of pre-employment transition services.

¹⁸ [GAO Report](#), "Vocational Rehabilitation Funding Formula: Options for Improving Equity in State Grants and Considerations for Performance Incentives" (September 2009).

covered in the Rehabilitation Act of 1973 and the Department’s “Guide for Managing Formula Grant Programs.”

- 1.2 Strengthen its process for selecting State VR agencies to monitor by
 - (a) incorporating a risk factor that accounts for an agency’s technical assistance needs (such as number of requests made or complexity of technical assistance needs) into the accountability model used to help select agencies and
 - (b) establishing a reasonable time period (for example, 8 to 10 years) during which all agencies must be monitored (through periodic onsite monitoring or offsite monitoring) by RSA at least once.

Additional Matter for Consideration

In the finding, we described several [barriers](#) that are negatively impacting some State VR agencies’ ability to spend their entire VR program grant allocation. Given those barriers and that many State VR agencies have relinquished funds in recent years even with generally adequate oversight and monitoring from RSA, legislative changes might be needed to better ensure that agencies can spend their entire grant allocation.

We suggest that RSA (1) consider whether the Rehabilitation Act should be amended to increase the likelihood that State VR agencies will be able to spend their entire VR program grant allocation, and (2) if so, submit a legislative proposal in accordance with the Office of Management and Budget Circular A-19, Legislative Coordination and Clearance. When developing any proposals, RSA should consult with relevant stakeholders and take into account the potential impact that any proposed changes could have on State VR agencies and VR program participants.

OSERS’s and RSA’s Comments

OSERS and RSA agreed with Recommendation 1.1, stating that RSA will develop standard operating procedures to document and reflect its annual review process. OSERS and RSA also agreed with Recommendation 1.2, stating that RSA will use a risk-based approach for selecting State VR agencies to monitor that considers a VR agency’s technical assistance needs and includes a reasonable time period (for example, 8 to 10 years) during which all State VR agencies will be monitored at least once (either through periodic onsite monitoring or offsite reviews).

OIG Response

RSA’s proposed actions, if implemented, are responsive to both of our recommendations.

Appendix A. Scope and Methodology

Our audit covered RSA's processes for overseeing State VR agencies' effective use of VR program funds from October 1, 2022, through September 30, 2023. To achieve our objective, we gained an understanding of the following laws, regulations, and guidance relevant to the VR program and oversight of that program:

- Rehabilitation Act of 1973, sections 101 ("State Plans"), 106 ("Evaluation Standards and Performance Indicators"), 107 ("Monitoring and Review"), 110 ("State Allotments"), and 113 ("Provision of Pre-employment Transition Services").
- 34 C.F.R. Part 361, State Vocational Rehabilitation Services Program.
- GAO's *Standards for Internal Control in the Federal Government* (September 2014).
- Office of Management and Budget's Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (2016), sections I ("Introduction"), II ("Establishing Enterprise Risk Management in Management Practices"), III ("Establishing and Operating an Effective System of Internal Control"), and IV ("Assessing Internal Control").
- Department's Formula Grant Guide (August 2019, and updated August 2023).
- Department guidance, including technical assistance circulars 23-01, Allowable Sources of Non-Federal Share for the State Vocational Rehabilitation Services Program (February 2023), 23-03, Maximizing Services and the Use of Funds to Support Quality Employment Outcomes for Individuals with Disabilities through the Vocational Rehabilitation and Supported Employment Programs (July 2023), and 24-01, Promoting Meaningful and Sustained Engagement of Individuals with Disabilities in the State Vocational Rehabilitation Services Program (October 2023); Frequently Asked Questions documents covering topics such as pre-employment transition services (FAQ, April 13, 2016), post-employment services (FAQ 22-03, March 11, 2022), and administration and fiscal management of the VR program in response to the coronavirus pandemic (three FAQs, dated April 28, 2020, May 14, 2020, and October 16, 2020); and a Dear Colleague Letter (DCL-23-02, June 2023), informing State VR agencies of RSA's change in interpretation of "recipient" for purposes of determining satisfaction of the carryover requirement under section 19(b) of the Rehabilitation Act and 34 C.F.R. section 361.64(b).

We gained an understanding of RSA's oversight and monitoring processes through interviews with RSA officials and employees. We interviewed RSA officials and employees who had knowledge of or were responsible for providing guidance and technical assistance to State VR agencies and monitoring State VR agencies' administration and use of VR program funds, as well as those who had knowledge of the barriers or difficulties that agencies have had in spending their entire VR program grant allocation. At RSA, we interviewed the Deputy Commissioner and SMPID lead; chiefs of the VR program, Technical Assistance, Fiscal, and Data Collection and Analysis units; employees from three State teams; Director of TSPD; and TSPD project officers. To assess the reliability of the testimonial evidence, we compared information obtained from interviews with records related to RSA's oversight and monitoring activities when provided by the interviewees. We concluded that the testimonial evidence we obtained was sufficiently reliable within the context of our audit objective.

We also gained an understanding of RSA's oversight and monitoring activities through reviews of relevant documents and records. We reviewed documents identifying RSA's offices and employees who had a role in overseeing and monitoring the VR program. We reviewed and evaluated the spreadsheet that RSA reviewers used to document the results of the annual reviews they performed for all State VR agencies, as well as the guidance and technical assistance documents (such as technical assistance circulars, FAQ documents, Dear Colleague Letter, and emails) that RSA provided to agencies regarding administrative and fiscal management of the VR program and allowable uses of VR program funds. We also reviewed RSA's FY 2023 accountability model and MTAG to further understand how RSA selected State VR agencies for periodic monitoring and what that monitoring comprised. The purposes of these document reviews were to gain an understanding of how RSA monitored State VR agencies' use of grant funds and assess the adequacy of those activities within the context of the audit objective.

Review of RSA's Oversight and Monitoring of Three State VR Agencies. To verify that RSA followed its established processes and was consistent in how it oversaw and monitored State VR agencies, we reviewed documents and records supporting RSA's oversight and monitoring of three State VR agencies. Those documents and records, in part, included relevant technical assistance circulars shared with the agencies, email communications between RSA and the three agencies, FY 2023 annual reviews for the three agencies, and FY 2023 monitoring reports for two of the three agencies. We also cross-walked the monitoring work and review results that RSA presented in the two monitoring reports to the monitoring procedures that RSA was required to perform per its FY 2023 MTAG. Specifically, we compared the monitoring procedures in the FY 2023 MTAG to the information (for example, steps performed and review results) included in

the two monitoring reports. Lastly, we interviewed the RSA State teams that were responsible for providing technical assistance and monitoring to these three agencies.

Sampling Methodology

To verify that RSA followed its established processes and was consistent in how it oversaw and monitored State VR agencies and help inform our conclusions regarding the sufficiency of RSA’s oversight processes, we judgmentally selected for review 3 (4 percent) of the 78 State VR agencies that received VR program grants in FY 2023. Starting with a universe of 78 State VR agencies, we first removed the 56 agencies that did not relinquish VR program funds in FY 2021 (the most recent fiscal year with complete fiscal data at the time of our review). Next, we stratified the remaining universe of 22 State VR agencies into two strata: one for agencies that were on OOS (7 agencies) and one for agencies that were not on OOS (15 agencies). We then judgmentally selected two State VR agencies from the first stratum (those on OOS) and one State VR agency from the second stratum (those not on OOS).

We ensured that the three State VR agencies selected for review collectively met the following conditions: (1) all three agencies must have relinquished FY 2021 grant funds, (2) two of the three agencies must have been operating under an OOS,¹⁹ (3) two of the three agencies must have been monitored by RSA in FY 2023, and (4) a different RSA State team must have been responsible for overseeing each of the three agencies. We also considered the amount and percentage of funds returned by the State VR agency, with priority being given to agencies that returned higher amounts or percentages of grant funds.

Use of Computer-Processed Data

We relied, in part, on computer-processed data (spreadsheet) provided by RSA to help us judgmentally select the three State VR agencies for review. The spreadsheet contained FYs 2019–2023 fiscal data, including relinquishment data for four (FYs 2019–2022) of those fiscal years, for all 78 State VR agencies. We used and relied on the fiscal data for FY 2021 to help us select agencies for review because FY 2021 was the most recent fiscal year with complete fiscal data at the time of our review and RSA relied on FY 2021 data when it selected State VR agencies for periodic monitoring in FY 2023. To assess the reliability of the fiscal data in the spreadsheet, we compared FY 2021 financial data in the spreadsheet to financial information on RSA’s public website. We

¹⁹ The list used to determine whether a State VR agency was operating under an OOS was current as of October 17, 2023.

did not identify any issues and concluded that the spreadsheet data were reliable for their intended use.

Internal Controls

We obtained an understanding of all five areas of internal control (control environment, risk assessment, control activities, information and communication, and monitoring) as they relate to RSA's processes for overseeing State VR agencies' effective use of funds in compliance with applicable requirements. We limited our internal control work to the two areas we deemed significant to the audit objective: risk assessment and control activities.

- Risk assessment—risk objectives, risk tolerances, risk identification, risk analysis, responses to risk, including consideration of the potential for fraud, identification of change and analysis of response to change.
- Control activities—design of appropriate types of control activities, design of control activities at various levels, documentation of responsibilities through policies, and periodic review of control activities.

As discussed in the [finding](#), we concluded that RSA's processes (control activities) for overseeing State VR agencies' effective use of funds in compliance with applicable requirements were generally sufficient but could be strengthened in key areas.

Compliance with Auditing Standards

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 objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

We remotely conducted our audit from August 2023 through May 2024. We discussed the results of our audit with RSA and Department officials on April 29, 2024.

Appendix B. Acronyms and Abbreviations

CAP	corrective action plan
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
Formula Grant Guide	Guide for Managing Formula Grant Programs
FY	fiscal year
GAO	Government Accountability Office
Monitoring	periodic onsite monitoring and offsite monitoring performed by RSA
MTAG	Monitoring and Technical Assistance Guide
OOS	order of selection
OSERS	Office of Special Education and Rehabilitative Services
Rehabilitation Act	Rehabilitation Act of 1973
RSA	Rehabilitation Services Administration
SMPID	State Monitoring and Program Improvement Division
TSPD	Training and Service Programs Division
VR	vocational rehabilitation
VR Program	State Vocational Rehabilitation Services Program
WIOA	Workforce Innovation and Opportunity Act

OSERS's and RSA's Comments



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

July 31, 2024

Via E-Mail (Confirmation of Receipt Requested)

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Re: Response to OIG Draft Report Audit (ED-OIG/A23CA0140)

Dear Mr. Sanders,

Thank you for the opportunity to review the Office of the Inspector General's (OIG) draft report, "Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program" (ED-OIG/A23CA0140). I write to respond to the two recommendations in OIG's draft report on behalf of the U.S. Department of Education (Department), Office of Special Education and Rehabilitative Services (OSERS). OSERS's comments are supported by our Commissioner of the Rehabilitation Services Administration (RSA) and our Office of the General Counsel (OGC).

OSERS and RSA recognize the importance of the vocational rehabilitation (VR) program in helping individuals with disabilities, including those with the most significant disabilities, maximize their opportunities to participate fully in the competitive labor market. We appreciate OIG's highlighting in this draft report how RSA can further enhance its annual review processes. RSA accomplishes its mission through partnership with State VR agencies, and this report will continue to support this partnership.

OIG Recommendation 1.1: The Assistant Secretary for OSERS should require RSA to design and document procedures for its annual review process. The procedures should be in the form of written policies and procedures or protocols, and designed to ensure compliance with applicable requirements, including those covered in the Rehabilitation Act of 1973 and the Department's "Guide for Managing Formula Grant Programs."

OSERS Response: OSERS, including RSA, concurs with this recommendation to develop procedures to document RSA's annual review process as standard operating procedures. RSA has been conducting its annual review process (specifically for fiscal years (FYs) 2023 and 2024), and this process reflects the applicable requirements in the Rehabilitation Act of 1973 and the Department's "Guide for Managing Formula Grant Programs." RSA will develop standard operating procedures to document and reflect its annual review process.

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Project Number ED-OIG/A23CA0140

OIG Recommendation 1.2: The Assistant Secretary for OSERS should require RSA to strengthen its process for selecting State VR agencies to monitor by (a) incorporating a risk factor that accounts for an agency's technical assistance needs (such as number of requests made or complexity of technical assistance needs) into the accountability model used to help select agencies and (b) establishing a reasonable time period (for example, 8 to 10 years) during which all agencies must be monitored (through periodic onsite monitoring or offsite monitoring) by RSA at least once.

OSERS Response: OSERS, including RSA, concurs with this recommendation to select State VR agencies to monitor using a risk-based approach. This risk-based monitoring approach will consider a VR agency's technical assistance needs and include a reasonable time period (for example, 8 to 10 years) during which all VR agencies will be monitored at least once (either through periodic onsite monitoring or offsite reviews).

We appreciate the opportunity to review this draft report and OIG's meaningful interaction with RSA staff throughout this engagement. Please let us know if you have any questions. We look forward to receiving the final report.

Sincerely,



Glenna Wright-Gallo
Assistant Secretary
Office of Special Education and
Rehabilitative Services

cc: (Via E-mail)
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