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AUDIT SERVICES  
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**Control Number**  
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Ms. Kathy Manderino  
Secretary  
Pennsylvania Department of Labor and Industry  
1700 Labor and Industry Building  
7th and Forster Streets  
Harrisburg, PA 17120

Dear Ms. Manderino:

This final audit report, “Pennsylvania’s Department of Labor and Industry, Office of Vocational Rehabilitation’s Case Service Report Data Quality,” presents the results of our audit. The objectives of our audit were to determine whether Pennsylvania’s Department of Labor and Industry, Office of Vocational Rehabilitation (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 Pennsylvania’s Department of Labor and Industry, Office of Vocational Rehabilitation (PA OVR) 2013 RSA-911 report for the reporting period October 1, 2012, through September 30, 2013 (2013 reporting period).

PA OVR had adequate internal controls to ensure that the data it reported to the Rehabilitation Services Administration (RSA) were complete. However, PA OVR did not have adequate internal controls to ensure that its 2013 RSA-911 report data were accurate and adequately supported. Specifically, we found that PA OVR (1) lacked policies and procedures to require verification of the data entered into participants’ case files and for its RSA-911 reporting process 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 data that PA OVR reported to RSA found a significant number of unverifiable data entries for data elements that RSA used to calculate PA OVR’s 2013 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 PA OVR meets RSA’s established evaluation standards. As a result, RSA may have improperly determined PA OVR’s successful performance on the evaluation standards for the 2013 reporting period.

We made several recommendations to the Commissioner of RSA that would require PA OVR to establish and implement enhanced data quality controls. PA OVR did not explicitly agree or disagree with Finding No. 1 and the associated recommendations regarding weaknesses in its internal controls over data quality for the 2013 reported RSA-911 data. However, PA OVR discussed corrective actions that it plans to take to make improvements, including enhancements to its case management system, the Commonwealth Workforce Development System (CWDS). PA OVR disagreed with Finding No. 2 regarding unverifiable performance indicator data reported in its 2013 RSA-911 report and disagreed with our recommendation. PA OVR disagreed with Finding No. 2 because it believes that since its current process requires that counselors validate closure data at case closure, additional documentation would be duplicative. PA OVR stated that it would provide further training on the closure process and continue to reinforce the requirement through its case review process and existing training. We did not change our findings and recommendations based on PA OVR's comments to the draft audit report.

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## BACKGROUND

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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' Rehabilitation Services Administration 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 Pennsylvania, PA OVR is the State agency designated to administer the VR program. PA OVR is a combined agency that is composed of two bureaus: the Bureau of Blindness and Visual Services and the Bureau of Vocational Rehabilitation Services.<sup>1</sup> PA OVR is overseen by an executive director, who reports directly to the Secretary of the Department of Labor and Industry. The executive director approves PA OVR's VR State plan. During our audit period, PA OVR received a VR program grant award of \$111,450,404.

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<sup>1</sup> PA OVR includes 6 district offices that serve the blind or visually impaired and 15 district offices that serve all other people with disabilities for the 67 counties in the commonwealth.

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 PA OVR 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. PA OVR prioritizes serving participants with the most significant disabilities. Since 1994, PA OVR 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. However, while receiving American Recovery and Reinvestment Act funding, PA OVR also provided services to those who were significantly disabled. It ended those services in October 2012. According to RSA's "FY 2013 Pennsylvania Office of Vocational Rehabilitation Annual Review Report," 534 people were on the waiting list as of September 30, 2013.

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). PA OVR uses its CWDS case management database, along with a hard copy case file, to store data about its participants' VR cases and to manage the case flow. PA OVR developed and implemented CWDS in 2007. The case data reported on PA OVR's 2013 RSA-911 report were extracted from its CWDS database. In its 2013 RSA-911 report, PA OVR reported a total of 25,709 closed participant cases, of which 9,950 cases (about 39 percent) were reported closed with an employment outcome.<sup>2</sup> 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 evaluation<sup>3</sup> (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)<sup>4</sup> was signed (code 7),
- exited without an employment outcome after an IPE was signed but before receiving services (code 5),
- 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

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<sup>2</sup> Employment outcome means obtaining or retaining full-time or part-time competitive employment.

<sup>3</sup> 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.

<sup>4</sup> 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.

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 program<sup>5</sup> 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 participants 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).
- 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

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<sup>5</sup> 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.

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 2013 reporting period, PA OVR 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 PA OVR’s performance levels for the 2013 reporting period.

**Table 1. Performance Levels for the Performance Indicators**

<b>Performance Indicator</b>	<b>Performance Level Required of a General/Combined VR Agency</b>	<b>PA OVR’s 2013 Performance Level</b>
1.1	Number of employment outcomes equals or exceed previous performance period (9,939)	+11 Met
1.2	Percent with employment outcomes after services 55.8%	55.43% Did Not Meet
1.3	Percent of employment outcomes that were competitive employment 72.6%	95.12% Met
1.4	Percent of participants with competitive employment outcomes who had a significant disability 62.4%	99.99% Met
1.5	Ratio of average hourly VR wage to average State wage 0.52	0.519 Did Not Meet
1.6	Difference between percent self-supporting at closure and application 53.0	55.35 Met
2.1	Ratio of minority service rate to nonminority service rate 0.80	0.823 Met

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## AUDIT RESULTS

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We found that PA OVR had adequate internal controls to provide reasonable assurance that its RSA-911 report data were complete. To ensure the data were complete, PA OVR analyzed its 2013 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, PA OVR’s CWDS database had controls that required that select data elements were entered into the case file throughout the VR process.<sup>6</sup> For example, the required data elements for order of selection included eligibility determination date, disability significance (priority), and whether the VR counselor made an order of selection determination. PA OVR counselors could not move a case forward to the next status 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 PA OVR 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) PA OVR 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) PA OVR’s monitoring process did not ensure that data entered into the CWDS database were correct and required documentation was maintained in participant case files. In addition, PA OVR did not have written policies and procedures for its RSA-911 reporting process.

As a result, we found that VR case service data maintained in PA OVR’s CWDS database and reported on its 2013 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 139 cases PA OVR closed during the 2013 reporting period. For each sampled case closure, we determined whether select data elements were correctly reported and adequately supported

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<sup>6</sup> Required data elements included personal information, medical information, order of selection, placement, employment, and closure.

according to source documentation maintained in the participants' case file and in PA OVR's CWDS database.

We provided a draft of this report to PA OVR for review and comment on November 24, 2015. We received PA OVR's comments on December 21, 2015. PA OVR did not explicitly agree or disagree with Finding No. 1 regarding weaknesses in its internal controls over data quality for the 2013 reported RSA-911 data or its recommendations, but stated it is designing corrective actions intended to make improvements. PA OVR disagreed with Finding No. 2 regarding unverifiable performance indicator data reported in its 2013 RSA-911 report and disagreed with our recommendation.

We did not change our findings and recommendations based on PA OVR's comments to the draft audit report. In response to Finding No. 2 and its recommendation, PA OVR stated that additional case closure documentation would be duplicative. We disagree. Although PA OVR's case closure process requires counselors to validate case closure data, counselors should maintain documentation of that validation in the case file. We summarized PA OVR's comments on the draft audit report at the end of each finding and included the comments in their entirety as Attachment 7 of this report.

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

PA OVR did not have adequate internal controls in place to provide reasonable assurance that VR case service data reported on its 2013 RSA-911 report were accurate and adequately supported. Specifically, PA OVR 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.

PA OVR's controls to ensure staff completed, maintained, and recorded VR case file documents and data included participant case reviews conducted by PA OVR staff.<sup>7</sup> However, we found that PA OVR reported unverifiable and incorrect data on its 2013 RSA-911 report. PA OVR's controls were not adequate to ensure that staff members (1) properly completed and maintained documents supporting VR case data in the participants' case files and (2) detected and corrected participant VR case data recorded in the CWDS 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 PA OVR and RSA analyzed PA OVR's 2013 RSA-911 report data for data quality using the edit check program "RSA Errors, Reasonableness Checks and Anomalies Program." The edit check program analyzes and identifies the RSA-911 report data for

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<sup>7</sup> The participant case reviews are discussed in more detail in the section "PA OVR's Quality Assurance Case Review Process."

“unreasonable” data, data errors, data anomalies, data duplications, and data omissions.<sup>8</sup> PA OVR also used an edit check program that mimicked the “RSA Errors, Reasonableness Checks and Anomalies Program.” A batch file<sup>9</sup> that was built into the CWDS database automatically ran the edit check program daily and produced a “RPT 105 - RSA-911 Error Listing” report, which listed the possible errors and anomalies that the program detected. At the end of each quarter and the end of the fiscal year, district offices were required to review the report for their office and correct or verify the errors or anomalies identified. However, neither edit check program could detect the unverifiable and incorrect data entries that we identified because the programs could not inspect the actual source documentation that the RSA-911 report was built on.<sup>10</sup>

Based on our review of PA OVR’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 CWDS and reported on PA OVR’s 2013 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 PA OVR staff, and (3) PA OVR 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 “PA OVR’s Quality Assurance Case Review Process” of this finding.

We also found that PA OVR did not have written policies and procedures for its RSA-911 reporting process. According to the division chief for Systems and Evaluation, PA OVR used the RSA-911 reporting instructions and guidance the RSA provided. However, RSA’s instructions and guidance showed VR agencies only how to complete the RSA-911 report. The Committee of Sponsoring Organizations of the Treadway Commission “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, a component of internal control is control activities. One of the principles of control activities is that an organization uses control activities through policies that establish what is expected and in procedures that put policies into action. Also, documentation of policies and procedures facilitates the training of new employees and ensures continuity of operations. PA OVR’s program analyst who was responsible for reporting PA OVR’s RSA-911 report data retired in July 2015. Not having written policies and procedures could result in PA OVR reporting inaccurate or incomplete data on its RSA-911 report because the new program analyst may not know how to properly process and report the data.<sup>11</sup>

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<sup>8</sup> Before submitting its final RSA-911 report, PA OVR resolved the data problems that the edit check program identified.

<sup>9</sup> A batch file is a single text file that runs a set of system commands.

<sup>10</sup> We classified a data entry as unverifiable when required source documents were not present in the participant’s case file or when source documents present in the case file 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.

<sup>11</sup> PA OVR had not hired a new program analyst as of September 2015.



Recipients of Federal awards are required to maintain internal control over Federal programs that provides reasonable assurance that the Federal awards are 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).<sup>12</sup> PA OVR must adequately document control procedures. 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 139 participants who were included on PA OVR's 2013 RSA-911 report from the universe of 25,709 participants and determined whether PA OVR properly completed and maintained the required case service documents in the participants' case files. The sample included 95 participants who exited the VR process with an employment outcome and 44 participants who exited without an employment outcome. We found that

- at least one required case service document was missing for 29 of the 139 sampled participants,
- at least one required case service document was incomplete for 15 of the 139 sampled participants,
- source documentation for required employment data elements was missing for 52 of the 95 participants who exited the program with an employment outcome, and
- PA OVR was not able to provide us with the hardcopy participant case file for one closure type 7 case.

PA OVR's 2013 RSA-911 report data were extracted from information in its CWDS database. PA OVR staff entered the participant VR case data into CWDS and placed source documents that were the basis for the data into the participants' hard copy case files. Federal regulations and PA OVR policies and procedures require the following source documents to be maintained in a participant's case file:<sup>13</sup>

- employment planning application,
- certificate of eligibility,
- order of selection form,
- 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 and PA OVR policies and procedures required PA OVR to maintain the following for participants who exited the VR program with an employment outcome: source documentation showing the employment start date, hours worked

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<sup>12</sup> Although this criterion was not in effect during our audit period, it represents a very important foundational requirement for PA OVR going forward.

<sup>13</sup> 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).

in a week at case closure, weekly earnings at case closure, and documentation that the participant maintained employment for 90 days.

PA OVR's missing and incomplete VR case documents caused it to be in noncompliance with Federal regulations and its own policies and procedures as discussed below. In addition, the missing and incomplete documents resulted in unverifiable data being reported on PA OVR's 2013 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 21 percent<sup>14</sup> of the case files for the 25,709 participants reported on PA OVR's 2013 RSA-911 report were missing at least one required document. The documents required to be maintained for a case file (employment planning application (including Certification of Customer Rights and Responsibilities [Rights and Responsibilities] form),<sup>15</sup> certificate of eligibility, order of selection, IPE, and closure letter) depended on when during the VR process the participant exited the VR program. 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.<sup>16</sup>

PA OVR 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) and
2. PA OVR policy, "Program Policies, Procedures and Guideline, No. 1010000400, OVR Case Filing System," June 15, 2010.

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 10 percent<sup>17</sup> of the case files for the 25,709 participants reported on PA OVR's 2013 RSA-911 report had at least one required case service document that was not properly completed. The employment planning application (including the Rights and Responsibilities form), certificate of eligibility, and IPE were required to be signed and dated. For each sampled

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<sup>14</sup> We are 95 percent confident the rate of case files missing at least one form is between 13 and 30 percent.

<sup>15</sup> PA OVR required participants to sign the Rights and Responsibilities form as a part of the application process. The date signed was used as the application date when the application did not have a place for signature.

<sup>16</sup> Table 3 in Attachment 3 shows the number and percent of required documents that were missing for the 139 participants in our sample.

<sup>17</sup> We are 95 percent confident the rate of case files having at least one incomplete required document is between 5 and 18 percent.

participant file, we determined whether the participant and the VR counselor signed and dated the required forms, as applicable. The employment planning application, including the Rights and Responsibilities form, 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. The RSA Policy Directive RSA-PD-12-05, February 8, 2012, provides guidance to designated State agencies for collecting data for the RSA-911 report. It states that a participant is considered to have submitted an application when a participant has completed and signed an agency application or has otherwise requested services, has provided information necessary to initiate an assessment to determine eligibility and priority for services, and is available to complete the assessment process.

“PA OVR Program Policies, Procedures and Guideline, No. 1010000400, OVR Case Filing System,” June 15, 2010, states that the employment planning application (including the Rights and Responsibilities form) and IPE require handwritten signatures. It further states that any form with a handwritten signature must be stored in the participant case file.

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)). In addition, RSA Policy Directive 12-05, February 8, 2012, requires VR agencies to report the participant’s IPE date on the RSA-911 report. 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 95 participants in our sample with an employment outcome, we determined whether the data entries in CWDS for employment start date, weekly earnings amount, number of hours 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 the data was missing. For example, a case progress note<sup>18</sup> in the participant’s file may have shown the participant’s employment start date; however, there was nothing in the file to show that the participant was still employed after 90 days. The case files for 52 of the 95 participants sampled were missing supporting documentation for at least one of the employment data elements. 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.

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<sup>18</sup> VR counselors entered case progress notes on any developments in the progress of the participant’s case in the CWDS database.

### **Accuracy of Participant Case File Data Entries**

For the 139 participant case files, we also determined the reliability of selected data elements maintained in CWDS and reported on its 2013 RSA-911 report.<sup>19</sup> We determined whether the selected data elements were accurate and adequately supported according to source documentation maintained in the case file. We identified data quality problems that included (1) an incorrect race and ethnicity code, (2) unverifiable dates of birth and closure dates, (3) unverifiable and incorrect Social Security numbers, and (4) incorrect and unverifiable application and IPE dates.<sup>20</sup> A VR specialist stated that the incorrect data entries in the CWDS database may have been the result of human error. For example, VR staff may have input the date the employment planning application was sent to the participant instead of the date the application was signed. VR staff could manually enter the application date, the IPE date, eligibility determination date, employment start date, and closure date into the CWDS database. VR counselors or supervisors were not required to verify the accuracy of the data elements recorded in CWDS to source documents. Consequently, a VR participant's case data recorded in CWDS 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.

### **PA OVR's Quality Assurance Case Review Process**

PA OVR 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, PA OVR's case review policy "Performance Evaluations for Vocational Rehabilitation Counselors and Supervisors," October 1, 2012, did not require that PA OVR officials use the results of the case reviews to determine whether PA OVR's internal controls over the VR process were working effectively or to evaluate whether revisions to its internal controls or policies and procedures were necessary. In addition, the PA OVR quality assurance process did not include steps to verify numerous data elements in the case file.

During our audit period, PA OVR had a quality assurance process to evaluate the program and to determine whether case file documentation complied with Federal regulations and PA OVR policy. The quality assurance process included the following three levels of review of participant case files.

- **Level One.** VR supervisors reviewed participant case files for each counselor in their unit. They performed these reviews quarterly<sup>21</sup> and included three open and two closed participant cases.
- **Level Two.** District administrators reviewed participant case files for each VR supervisor's unit<sup>22</sup> in their district office. They performed these reviews quarterly and included three open and two closed participant cases.

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<sup>19</sup> 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.

<sup>20</sup> Table 6 in Attachment 6 shows the number of incorrect and unverifiable data entries for the 139 participants according to the data element and closure type.

<sup>21</sup> The quarterly case reviews were performed during the calendar year quarters of March 31, June 30, September 30, and December 31.

- **Level Three.** Rehabilitation specialists reviewed participant case files in each district office. They performed these reviews every spring and fall and included six open and four closed participant cases.

Cases selected for review were randomly generated by CWDS. All three levels of review were scored and counted toward each employee's performance review (job knowledge). VR counselors and supervisors were provided the results of the level one and two reviews during meetings with their supervisors or during employee performance reviews. Any issues noted were corrected. Because the majority of the reviews occurred before the RSA-911 report submission deadline (November 30), data issues found were corrected before submitting the data to RSA.

District administrators were provided with the results of the level three reviews using report cards. Each district office was given a report card for all 10 cases (6 open and 4 closed) that were reviewed in that scoring cycle (fall or spring) and annually (fall and spring scores combined). The district administrators also received the scoring sheets for each case reviewed so that results could be used for performance ratings or to train the VR counselors and VR supervisors. According to a VR specialist, district offices were required to conduct mandatory training with their staff if the office received a review score below 70 percent in any review area. For example, one district administrator conducted staff training for her office in January 2015, after her office received a fiscal year 2014 level 3 review score below 70 percent in the area of eligibility. VR supervisors in this office were also required to discuss the issues with staff during their unit meetings. Central office officials plan to provide each district office with more quantitative analysis and feedback once more longitudinal data is obtained to show any cause and effect from PA OVR's current case review process.

PA OVR staff used three different case review forms to perform case reviews during our audit period. Before May 2013, the "Department of Labor and Industry, Office of Vocational Rehabilitation Case Record Review Form" was used for both open and closed cases. Reviewers were required to indicate either a "yes" or "no" answer for each question on the form in the areas of eligibility, IPE, financial accountability, and case closure. In May 2013, a workgroup developed two new OVR case review forms: one for open cases, and one for closed cases. According to a rehabilitation specialist, the workgroup revised the forms to make the case reviews a better learning tool. Staff used the new case review forms to determine whether participants' case files contained the appropriate documentation to show that the VR counselor followed Federal regulations and PA OVR policies in the review areas.<sup>23</sup> The review of open cases evaluated the quality of the case work in the following areas: eligibility and order of selection determination, IPE, and financial accountability. The closed case review evaluated the quality of the case work in the following areas: employment outcome, case closure, services provided, financial accountability, appeal policies, and post-employment services.

According to 2 C.F.R. §200.303, PA OVR must establish and maintain effective internal control over its vocational rehabilitation grant award that provides reasonable assurance that it is

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<sup>22</sup> A supervisor's unit consists of the VR staff that they supervise, generally five to eight VR counselors and one or two clerks.

<sup>23</sup> The closed case review form determined whether the documentation was present, partially present, or not present.

managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the COSO Report. 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.

We found that PA OVR’s VR quality assurance case review process was not adequate to monitor whether the data recorded in CWDS were supported by and agreed to source documents, and were therefore reliable. Specifically, the case review forms that PA OVR used for the quality assurance reviews did not include specific checks to verify that the following critical data elements in source documents agreed with information recorded in the CWDS database:

- the race and ethnicity of the participant,
- the application date,
- 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,<sup>24</sup>
- the start date of employment,<sup>24</sup>
- 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 determine whether the source documents supported that the participant maintained 90 days of employment.<sup>25</sup>

Without a VR quality assurance case review form that includes steps to ensure the VR case file data are accurate and verifiable, PA OVR management will be unable to use the results of the case reviews to identify all areas that can be used for the quantitative analysis of PA OVR’s VR case review process and all areas for potential staff training.

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 assessment of PA OVR’s internal controls and policies and procedures over the VR process, PA OVR 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, PA OVR did not comply with Federal

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<sup>24</sup> The employer name and employment start date were not required to be reported on the 2013 RSA-911 report. We reviewed these data elements to determine whether the closure code was correct. Beginning with the 2014 RSA-911 report, the employment start date is a required data element.

<sup>25</sup> According to PA OVR’s current “Case Record Review Manual,” reviewers were required to determine only whether the participant showed as being in employment status in CWDS for more than 90 days.

regulations and PA OVR policies. Consequently PA OVR reported unverifiable case service data on its 2013 RSA-911 report and cannot assure that it met its performance indicators. It is important that PA OVR 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 PA OVR 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 CWDS database agrees to source documentation.
- 1.2 Consider adding the specific checks listed above to PA OVR's case review forms as part of the "scoring" to improve the quality assurance process and to better identify patterns and trends for quantitative analysis 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.
- 1.4 Develop written policies and procedures for its RSA-911 reporting process.

### **PA OVR Comments and OIG Response**

PA OVR did not explicitly agree or disagree with this finding or its recommendations but discussed corrective actions it plans to take regarding each recommendation.

#### PA OVR Comments

PA OVR stated that it agrees that data integrity and internal controls are an essential part of any VR program and case management system. PA OVR further stated that it is committed to reviewing areas identified in the draft report to determine how it can further ensure data integrity and that it will continue to provide training to staff to ensure compliance with regulations and reporting requirements. PA OVR explained that it plans to update CWDS so that staff can upload documents directly into a participant's case file and noted that it will automate the case closure letter process and consider adding additional edit checks to further refine and determine data anomalies. PA OVR will also enhance its case review process and review it annually to determine whether any changes are needed to better adhere to regulations, data integrity, and case file maintenance. Finally, PA OVR will develop instructions and procedures for the completion of its RSA-911 report.

OIG Response

We commend PA OVR 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 change our finding and recommendations based on PA OVR's comments.

**Finding No. 2 – Performance Indicator Data Reported on PA OVR's Fiscal Year 2013 Case Service Report Were Not Reliable**

We found that VR performance indicator data maintained in PA OVR's CWDS database and reported on its 2013 RSA-911 report were not correct and adequately supported and therefore were not reliable. In its 2013 RSA-911 report, PA OVR provided incorrect and unverifiable data for data elements that RSA used to calculate PA OVR's 2013 performance indicator results. We determined that

- performance indicators 1.1 and 1.2 were calculated using an unverifiable count of participants 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 an unverifiable closure count.

As a result, we have no assurance that the PA OVR performance indicator results that RSA calculated for the 2013 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 almost half of the 25,709 reported participant case closures included on PA OVR's 2013 RSA-911 report included at least one incorrect or one unverifiable data entry as follows:<sup>26</sup>

- 10 percent of reported closures included at least one incorrect data entry,<sup>27</sup>
- 25 percent of reported closures included at least one unverifiable data entry,<sup>28</sup> and
- 13 percent of reported closures included at least one incorrect and one unverifiable data entry.<sup>29</sup>

We reviewed selected data elements to

- verify a participant's identification (Social Security number and date of birth);

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<sup>26</sup> Table 5 in Attachment 5 shows the number of participant case files with incorrect and unverifiable data entries for the 139 participants sampled according to their closure type.

<sup>27</sup> We are 95 percent confident that the percent of reported closures that included at least one incorrect data entry ranges between 5 and 17 percent.

<sup>28</sup> We are 95 percent confident that the percent of reported closures that included at least one unverifiable data entry ranges between 17 and 33 percent.

<sup>29</sup> We are 95 percent confident that the percent of reported closures that included at least one incorrect and one unverifiable data entry ranges between 8 and 20 percent.



- 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);<sup>30</sup> and
- determine whether both reported and unreported<sup>31</sup> data elements were correct and verifiable (application date, eligibility determination date, IPE date, employer name, employment start date, type of closure (codes 1, 5, 6, and 7), and closure date).

### **Performance Indicators**

In its 2013 RSA-911 report, PA OVR 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 PA OVR’s 2013 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 were reliable, we reviewed participants’ case files to determine whether we could verify that the 95 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 25 percent of the 9,950 participants reported as achieving an employment outcome on PA OVR’s 2013 RSA-911 report lacked documentation in their case files to support the outcome reported.<sup>32</sup> 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 95 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 5 percent of the 9,950 participants included in each of these performance indicator calculations had incorrect weekly earnings at closure amounts and 41 percent had unverifiable weekly earnings at closure amounts.<sup>33</sup> Based on the prevalence of

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<sup>30</sup> 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.

<sup>31</sup> These data elements were used in the verification of the performance indicator data.

<sup>32</sup> We are 95 percent confident that the percent of employment outcome cases reported on PA OVR’s 2013 RSA-911 report that lack supporting documentation needed to assess the accuracy of the employment outcome ranges between 16 and 34 percent.

<sup>33</sup> We are 95 percent confident that the percent of employment outcome cases reported on PA OVR’s 2013 RSA-911 report with (1) an incorrect weekly earnings amount at closure ranges between 2 and 12 percent and (2) an unverifiable weekly earnings amount at closure ranges between 31 and 51 percent.

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 139 participants sampled (1) represented case closures during the reporting period and (2) had correct race and ethnicity data element codes. Based on the results of our sample, we estimate that 10 percent of the 25,709 case closure records used to calculate performance indicator 2.1 lacked documentation in their case files to support the employment outcome reported.<sup>34</sup> Therefore, because of the missing supporting documentation we could not gauge the extent of errors for performance indicator 2.1.

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

Our review found unreliable (incorrect and unverifiable) data element entries for 70 (74 percent) of the 95 participants reported as employed (see Table 5 in Attachment 5). This included unreliable data elements for 51 participants (54 percent) that were used in one or more of PA OVR's performance indicator calculations for the 2013 reporting period. Specifically, we found the following:<sup>35</sup>

- The type of closure code was unverifiable for 24 participants because the file contained no documentation to verify that the participant was employed for 90 days.
- The amount of weekly earnings at closure was unverifiable for 39 participants and incorrect for 5 participants.
- The number of hours worked in a week at closure was unverifiable for 38 participants and incorrect for 4 participants.

Additional data quality problems for the data elements reviewed included (1) an incorrect eligibility determination date, (2) unverifiable data entries for employer name and date of birth, and (3) incorrect and unverifiable data entries for Social Security number, closure date, application date, IPE date, and employment start date. Table 6 (see attached) 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 9,950 participants with employment reported on PA OVR's 2013 RSA-911 report:

- 11 percent of the closures included at least one incorrect data entry,
- 37 percent of the closures included at least one unverifiable data entry,
- 26 percent of the closures included at least one incorrect and one unverifiable data entry, and
- 26 percent of the closures were fully supported by source documentation.<sup>36</sup>

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<sup>34</sup> We are 95 percent confident that the percent of cases reported on PA OVR's 2012 RSA-911 report that were unverifiable ranges between 5 and 16 percent.

<sup>35</sup> A participant could have more than one unreliable data entry.

<sup>36</sup> The estimates have a margin of error of at most plus or minus 10 percentage points at the 95 percent confidence level.

*Employment Data Elements Were Unverifiable*

We estimate that 55 percent<sup>37</sup> of the 9,950 cases reported as closed with an employment outcome on PA OVR's 2013 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.<sup>38</sup> 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 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 employment start date and (2) that the participant maintained employment for 90 days.

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.

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<sup>37</sup> 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 45 and 65 percent.

<sup>38</sup> The case files for 52 of the 95 participants sampled were missing supporting documentation for at least one of the employment data elements.

**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 14 (32 percent) of the 44 participants reported to have exited the VR process without employment (see Table 5 in Attachment 5). We found data quality problems for the data element entries reviewed that included (1) unverifiable dates of birth and (2) incorrect and unverifiable Social Security numbers, application dates and IPE dates. Table 6 in Attachment 6 shows the number of incorrect and unverifiable data entries according to the data element and closure type.

As described in Finding No. 1, PA OVR 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 participants' case files; and
- all incorrect and unverifiable participant VR case file data entered into the CWDS database were detected and corrected before being reported on the RSA-911 report.

Also as explained in Finding No. 1, the edit check programs used by PA OVR and RSA 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 PA OVR reporting unreliable (unverifiable and incorrect) data on its 2013 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 PA OVR's successful performance on the evaluation standards, and PA OVR 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 PA OVR management's ability to monitor whether its staff timely serves participants in compliance with Federal regulations. Those unreliable data entries also prevent RSA from effectively monitoring PA OVR'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.<sup>39</sup>

Federal regulation 34 C.F.R. § 361.41(b) requires that a participant's eligibility determination must be made within 60 days of application.<sup>40</sup>

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<sup>39</sup> In November 2015 RSA officials reconfirmed that RSA temporarily suspended its monitoring activities because of other work related to the Workforce Innovation and Opportunity Act of 2014.

<sup>40</sup> Exceptions are allowed if exceptional and unforeseen circumstances prevent this determination and the VR agency and the participant agree to an extension.

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)). PA OVR policy requires the counselor to develop the IPE with the participant within 90 days from the eligibility determination date.

### **Recommendation**

We recommend that the Commissioner of RSA require PA OVR to—

- 2.1 Establish and implement controls to ensure that PA OVR 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.

### **PA OVR Comments and OIG Response**

PA OVR disagreed with this finding and its recommendation.

#### PA OVR Comments

PA OVR stated that the audit report recommended creation of case progress notes to show that the VR counselor validated case closure data. However, PA OVR believes that because its current process already requires the VR counselor to validate the case closure data elements at the time of closure, additional documentation of the data elements would be duplicative.

#### OIG Response

Although PA OVR's current process requires the VR counselor to validate the closure data elements before closing the case, which often entails the counselor having a conversation with the participant, it does not require the counselor to obtain source documentation supporting this validation. The audit report does not recommend the creation of case progress notes to document the case closure data. As stated in footnote 18, PA OVR's policy requires VR counselors to enter case progress notes into the CWDS case file on any developments in the progress of the participant's case, which includes case closure data. 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.

As stated in the finding, we estimate that 55 percent of the 9,950 cases reported as closed with employment on PA OVR's 2013 RSA-911 report had at least one employment data element that was missing supporting documentation to validate the data reported. Based on this estimate and the significant number of other unverifiable and incorrect data elements we found, PA OVR staff should maintain documentation to support their data entry in the CWDS database so that the data can be verified to help ensure the reliability of data that PA OVR reports annually to RSA. We did not change our finding and recommendation.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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The audit objectives were to determine whether PA OVR (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 PA OVR's 2013 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; and Federal regulations at 34 C.F.R. Part 361 and 34 C.F.R. Parts 76 and 80 to gain an understanding of the requirements that PA OVR 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 "FY 2011 Monitoring Report on the PA OVR Program;" RSA's "FY 2013 Pennsylvania Office of Vocational Rehabilitation Annual Review Report," July 7, 2014; and the Commonwealth of Pennsylvania's single audit reports for fiscal years 2012 and 2013.<sup>41</sup>
3. Interviewed PA OVR officials to gain an understanding of PA OVR's CWDS database and its procedures for capturing, reviewing, verifying, and submitting the RSA-911 report data. We interviewed the Director of the Bureau of Central Operations, the division chief for Systems and Evaluation, one program analyst, two rehabilitation specialists, three district administrators, one assistant district administrator, five VR supervisors, one training supervisor, nine VR counselors, four clerk typists, and one employment facilitator.
4. Reviewed PA OVR'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 people 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 CWDS database.
5. We performed limited testing of the CWDS database controls including a review of the database security levels.

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<sup>41</sup> The Commonwealth of Pennsylvania's fiscal year 2012 and 2013 single audit reports are for the periods July 1, 2011, through June 30, 2012, and July 1, 2012, through June 30, 2013, respectively.

6. We reviewed the case files for a statistical sample of 139 case closures reported on PA OVR’s 2013 RSA-911 report to determine whether PA OVR properly completed and maintained the required case service documents (employment planning application, 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 participants’ closure type. Also, for 95 of the 139 selected cases that were reported as closed with an employment outcome, we determined whether source documentation was maintained in the participant’s case file 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 the Office of Management and Budget Circular A-133 as criteria for evaluating PA OVR’s internal controls over its VR case management process and the reporting process used to report its RSA-911 report data. We concluded that PA OVR did not have adequate internal controls to provide reasonable assurance that the data reported on its 2013 RSA-911 report were correct and adequately supported (see Finding No. 1).

**Sampling Methodology**

We verified the completeness of the data reported in PA OVR’s final 2013 RSA-911 report that was submitted on February 26, 2014. To verify the completeness of the data, we obtained a data extract in December 2014 from PA OVR’s CWDS database for the universe of closed VR cases for the 2013 reporting period and reconciled the universe to the universe of closed cases reported in PA OVR’s final 2013 RSA-911 report submission.

We stratified the universe of 25,709 closed cases reported on PA OVR’S 2013 RSA-911 report based on whether or not the case closure was designated as an employment outcome, as shown in Table 2.

**Table 2. Sampling Stratum by Closure Type**

<b>Stratum</b>	<b>Type of Closure</b>	<b>Universe</b>	<b>Sample Size</b>
1	Case Closed with an employment outcome (closure type 3)	9,950	95
2	Cases closed without an employment outcome (all other closure types)	15,759	44
	<b>Total</b>	<b>25,709</b>	<b>139</b>

We selected a stratified random sample of 139 cases for review: 95 cases from Stratum 1 and 44 cases from Stratum 2. We established the sample size so that the estimate prevalence of data elements 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 procedures 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 139 participant case files included<sup>42</sup>

- 11 cases closed as a closure type 1,
- 1 case closed as a closure type 2,
- 95 cases closed as a closure type 3,
- 21 cases closed as a closure type 4,
- 1 case closed as a closure type 6, and
- 10 cases closed as a closure type 7.

### **Data Reliability**

We verified the reliability of select data reported on PA OVR's 2013 RSA-911 report and maintained in PA OVR's CWDS database as follows.

1. For the 95 cases with an employment outcome, we determined whether the following data elements were correct and adequately supported according to source documents maintained in PA OVR's CWDS database and participants' hard copy case files: Social Security number, date of birth, race and ethnicity, application date, eligibility determination date, disability priority, IPE date, service 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 44 cases without an employment outcome, we determined whether the following data elements were correct and adequately supported according to source documents maintained in PA OVR's CWDS database and participants' hard copy case files: Social Security number, date of birth, race and ethnicity, application date, eligibility determination date, disability priority, IPE date, service provided, type of closure, and closure date. Not all of the data elements were applicable to all 44 cases. See Table 4 in Attachment 4 for the data elements reviewed according to the participant's type of closure code.

For the 139 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.

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<sup>42</sup> There were no closure type 5 cases in the universe of closed cases.



We calculated PA OVR's performance indicator scores using the data from PA OVR's final submission of the 2013 RSA-911 report and compared the performance indicator scores to the performance indicator scores RSA calculated and published for PA OVR's 2013 RSA-911 report.

We found that VR case service data maintained in PA OVR's participant case files and reported on its 2013 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 underlying data or the performance indicators used by RSA to assess the VR agency's performance against the required evaluation standards (see Findings No. 1 and 2).

We conducted site visits at PA OVR's offices in Harrisburg, Pennsylvania, from November 24, 2014, through November 25, 2014, and from June 29, 2015, through July 1, 2015. We performed onsite visits to PA OVR's Philadelphia district office in Philadelphia, Pennsylvania, from December 16, 2014, through December 18, 2014, and from April 1, 2015, through April 2, 2015; the Norristown district office in Norristown, Pennsylvania, from April 28, 2015, through April 29, 2015, and on May 26, 2015; and to the Pittsburgh district office in Pittsburgh, Pennsylvania, from June 15, 2015, through June 18, 2015. We conducted additional audit work at our offices from November 2014 through September 2015. We held an exit conference with PA OVR officials on September 23, 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.

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## **ADMINISTRATIVE MATTERS**

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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

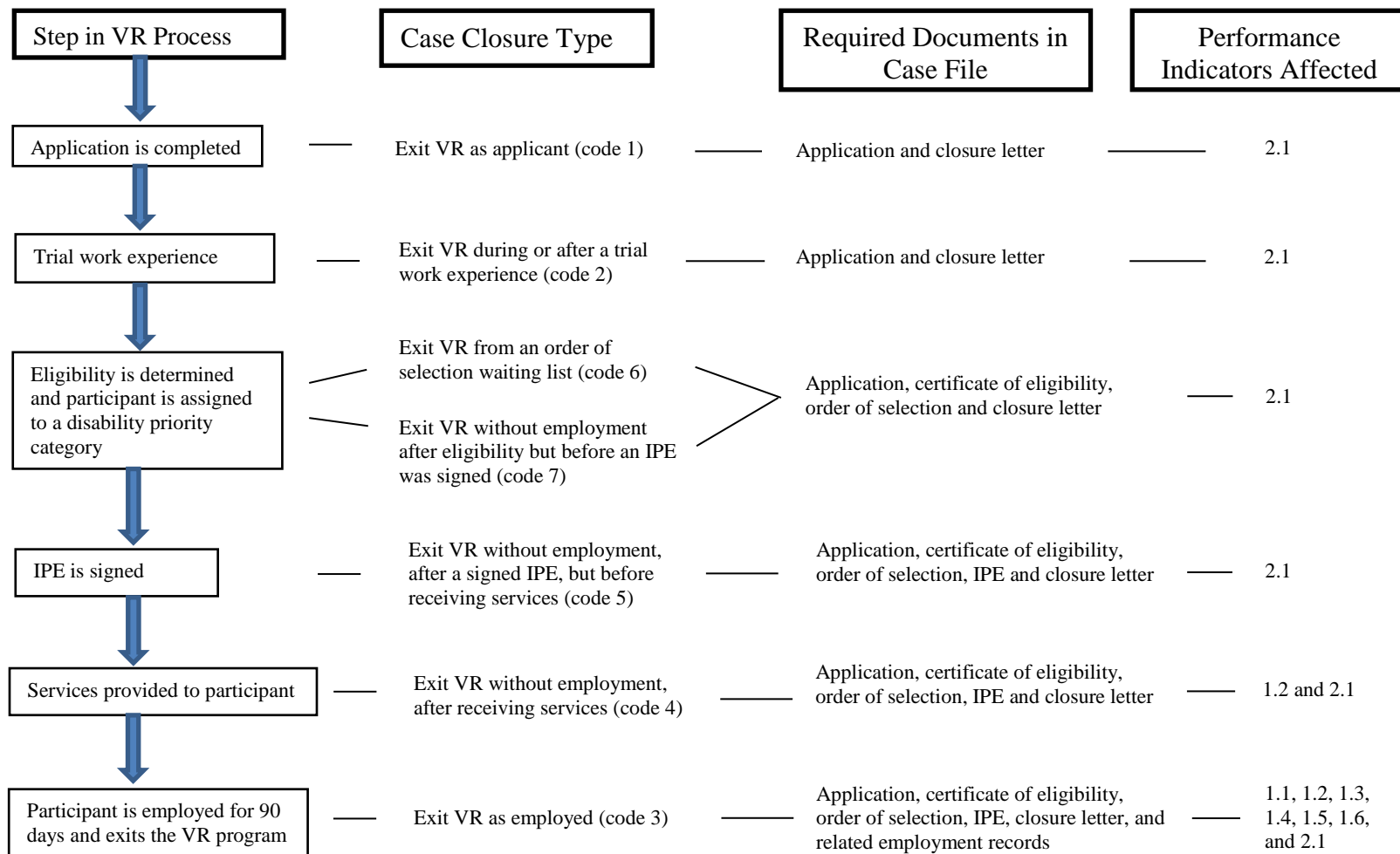
**Attachment 1**

**Abbreviations, Acronyms, and Short Forms Used in This Report**

2013 reporting period	October 1, 2012, through September 30, 2013
CWDS	Commonwealth Workforce Development System
C.F.R.	Code of Federal Regulations
COSO Report	The Committee of Sponsoring Organizations of the Treadway Commission's, "Internal Control Integrated Framework"
IPE	Individualized Plan for Employment
PA OVR	Pennsylvania's Department of Labor and Industry, Office of Vocational Rehabilitation
Rights & Responsibilities Form	Certification of Customer Rights and Responsibilities Form
RSA	Rehabilitation Services Administration
RSA-911 report	Case Service Report
VR	Vocational Rehabilitation

Attachment 2

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



Attachment 3

**Table 3. Missing Documentation for Our Sample of 139 Participants**

<b>(A) Document</b>	<b>(B) Number of Required Documents</b>	<b>(C) Number of Required Documents Missing</b>	<b>(D) Percent of Required Documents Missing (C/B)*<sup>43</sup></b>
Application Package <sup>44</sup>	139	13	9%
IPE	116	6	5%
Closure letter	139	15	11%

\* Rounded to the nearest percent.

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<sup>43</sup> The percent missing for the IPE is based on the 116 participants in the sample that required an IPE to be maintained in the file (95 closure type 3, and 21 closure type 4).

<sup>44</sup> The application package consists of the employment planning application and the Rights and Responsibilities form.



**Attachment 5**

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

<b>Closure Type</b>	<b>Number of Participants Sampled</b>	<b>Included Both Incorrect and Unverifiable Data Entries (A)</b>	<b>Included Unverifiable Data Entries (B)</b>	<b>Included Incorrect Data Entries (C)</b>	<b>Total Participant Files That Included Incorrect and Unverifiable Data Entries (A+B+C)</b>	<b>Data Correctly Reflected the Source Documents</b>
<b>Employment Obtained (Type 3)</b>	<b>95</b>	25	35	10	70	25
<b>Employment Not Obtained (All Other Types)</b>	<b>44</b>	2	8	4	14	30
<b>Totals</b>	<b>139</b>	27	43	14	84	55

Attachment 6

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

<b>Data Element</b>	<b>Closure Type 3 Correct</b>	<b>Closure Type 3 Incorrect</b>	<b>Closure Type 3 Unverifiable</b>	<b>Closure Type 3 Totals</b>	<b>All Other Closure Types Correct</b>	<b>All Other Closure Types Incorrect</b>	<b>All Other Closure Types Unverifiable</b>	<b>All Other Closure Types N/A</b>	<b>All Other Closure Types Totals</b>	<b>All Closure Types Correct</b>	<b>All Closure Types Incorrect</b>	<b>All Closure Types Unverifiable</b>	<b>All Closure Types N/A</b>	<b>All Closure Types Totals</b>
Social Security Number	91	2	2	<b>95</b>	40	2	2	0	<b>44</b>	131	4	4	0	<b>139</b>
Birth Date	89	0	6	<b>95</b>	42	0	2	0	<b>44</b>	131	0	8	0	<b>139</b>
Race Ethnicity	87	1	7	<b>95</b>	42	0	2	0	<b>44</b>	129	1	9	0	<b>139</b>
Application Date	71	16	8	<b>95</b>	34	3	7	0	<b>44</b>	105	19	15	0	<b>139</b>
Eligibility Date	94	1	0	<b>95</b>	32	0	0	12	<b>44</b>	126	1	0	12	<b>139</b>
Disability Priority	95	0	0	<b>95</b>	32	0	0	12	<b>44</b>	127	0	0	12	<b>139</b>
IPE Date	75	12	8	<b>95</b>	15	2	4	23	<b>44</b>	90	14	12	23	<b>139</b>
Employer Name	77	0	18	<b>95</b>	0	0	0	44	<b>44</b>	77	0	18	44	<b>139</b>
Employment Start Date	56	7	32	<b>95</b>	0	0	0	44	<b>44</b>	56	7	32	44	<b>139</b>
Weekly Earnings at Closure	51	5	39	<b>95</b>	0	0	0	44	<b>44</b>	51	5	39	44	<b>139</b>
Weekly Hours Worked at Closure	53	4	38	<b>95</b>	0	0	0	44	<b>44</b>	53	4	38	44	<b>139</b>
Closure Date	91	2	2	<b>95</b>	44	0	0	0	<b>44</b>	135	2	2	0	<b>139</b>
Closure Type	71	0	24	<b>95</b>	44	0	0	0	<b>44</b>	115	0	24	0	<b>139</b>

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





12/21/2015

Bernard Tadley, Regional Inspector General for Audit  
United States Department of Education  
Office of Inspector General  
The Wanamaker Building  
100 Penn Square East, Room 502  
Philadelphia, PA 19107

Reference: Control Number ED-OIG/A03P0002

Dear Mr. Tadley,

This correspondence serves as the Department of Labor & Industry, Office of Vocational Rehabilitation's (OVR's) response to the U.S. Department of Education, Office of Inspector General's (OIG's) audit report issued November 24, 2015 and addresses the OIG's Findings and Recommendations.

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

**OVR Response to Finding No. 1:**

OVR agrees that data integrity and internal controls are an essential part of any vocational rehabilitation program and case management system. OVR will continue to review policy and procedure and provide training to staff to ensure compliance with federal regulations and reporting requirements.

**Recommendation 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 CWDS database agrees to source documentation.**

**Recommendation 1.1 Implementation:** OVR's policy "OVR Case Filing System" governs the storage and maintenance of documents used in the vocational rehabilitation program. This document will be reviewed and updated, and staff will be trained on new elements as part of the WIOA implementation. During the update, OVR is committed to reviewing areas that have been identified within the OIG's report to determine how OVR can further assure data integrity. As far as maintaining documentation in the casefile, OVR is working on an IT solution that would allow documents to be uploaded from a copier/scanner directly into the OVR case management system, the Commonwealth Workforce Development System (CWDS). Phase 1 of this solution will commence in early 2016 with phase 2 being completed by early 2017. This will enable staff to upload documents more easily and will help to ensure that all appropriate documents are stored for the life of the case.

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OVR is also committed to further ensuring the accuracy of participant case file data entries and will explore adding additional business rules and edit checks to further refine and determine data anomalies. In order to further instill the necessity of validating information that is entered and reported through CWDS to RSA, OVR will provide staff training on the importance of maintenance of records and data integrity on a yearly basis.

The OIG also reported that the most common missing element in the cases reviewed was the OVR Case Closure Letter. OVR will address this by the end of 2016 by making the Case Closure Letter process automated so that when a case moves to a closure status, a closure letter is automatically generated for printing and will also be emailed to the customer (when an email address is available), stored in CWDS and available for the customer to review if they log into their case through CWDS.

The OIG reported that RSA may be unable to tell if OVR was strictly adhering to the 60- and 90-day time frames for Eligibility and Individual Plan for Employment (IPE) development due to a lack of consistency of application date entry. OVR recognizes that meeting these deadlines has been an issue. Accordingly, Central Office generates monthly reports that contain information regarding time in status, if a Time Extension is currently signed and when the case will reach the deadline. These reports are provided to assist staff in managing their caseloads to meet the timeliness requirements. OVR has and continues to provide training to staff on service timeliness. Furthermore, this issue is addressed in OVR's Back to Basics program and will continue to be reinforced. OVR is committed to increasing compliance with this requirement and will continue to provide reports and training to the field on an ongoing basis.

**Recommendation 1.2 - Consider adding the specific checks listed above to PA OVR's case review forms as part of the "scoring" to improve the quality assurance process and to better identify patterns and trends for quantitative analysis and areas for staff training.**

**Recommendation 1.2 Implementation:** OVR acknowledges that the existing case review process does not necessarily focus on data integrity. As a result, OVR will review this process, identify the key documents that should be stored and add validations into the case review process to ensure that casefiles are being properly maintained. OVR will also update the case review process for the spring 2016 reviews to include a validation of signed documents in each reviewed case (open and closed) for the following elements: the dates of the application signature, DOB, IPE final signature date and case closure data to ensure 90 days of employment.

**Recommendation 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.**

**Recommendation 1.3 Implementation:** OVR is committed to reviewing the OVR case review process on a yearly basis to determine if the case review, other policies/procedures or changes to CWDS are needed to better adhere to regulations, data integrity and casefile maintenance. OVR will revise the current case review process and require a yearly review following the completion of the annual level three case reviews.

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OVR case reviewers and designees from the field offices will discuss issues that have arisen during the review process and make recommendations to senior management for policy, procedure or CWDS changes.

**Recommendations 1.4 - Develop written policies and procedures for its RSA-911 reporting process.**

**Recommendation 1.4 Implementation:** OVR is committed to developing instructions and procedures associated with the completion of the RSA 911. Since the 911 will be changing for the upcoming year, OVR will focus on developing procedures for the new 911 requirements and will have a draft completed by July 2016 with finalized instructions completed by December 31, 2016.

**Finding No. 2 – Performance Indicator Data Reported on PA OVR’s Fiscal Year 2013 Case Service Report Were Not Reliable**

**OVR Response Finding No.2**

OVR disagrees with this finding. The OIG’s report indicated that OVR case closure data was not validated and recommends the creation of case progress notes evidencing validation of the data. However, the current process requires the OVR counselor to validate the case closure information at the time of closure, confirming that the person has worked more than 90 days above minimum wage in an integrated setting as per our current procedure and as indicated in the Back to Basics training series. Therefore, additional documentation of the case closure would be duplicative.

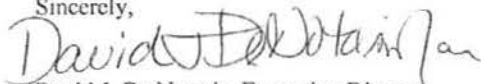
**Recommendation 2.1 - Establish and implement controls to ensure that PA OVR staff obtain and maintain source documentation supporting participants’ employment information including the employment start date, weekly earnings at closure, hours worked in a week at closure, and that the participant maintained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

**Recommendation 12.1 Implementation:** OVR is committed to providing further training on this process and will continue to reinforce this requirement through the case review process and Back to Basics training series.

OVR would like to thank the Office of Inspector General for their professionalism during the review and looks forward to discussing any necessary corrective action, recommendations or suggestions.

Thank you for your time.

Sincerely,



David J. De Notaris, Executive Director  
Office of Vocational Rehabilitation