

CAREER EDUCATION-AR REHABILITATION SERVICES

Enabling Laws

Act 176 of 2014
A.C.A. §§ 6-52-101-- 6-52-105
A.C.A. § 20-79-101 et seq.

History and Organization

Mission

The mission of ARS is to provide opportunities for Arkansans with disabilities to work and to lead productive and independent lives.

This mission statement provides the foundation for the many programs and comprehensive services provided by ARS to individuals with disabilities to assist them in preparing for and entering the state's workforce, thus enabling them to become employed tax-paying citizens participating in communities throughout the state. There are approximately 400,000 people with disabilities residing in Arkansas, meaning that Arkansas has one of the highest percentages of working-age adults with disabilities in the nation. The unemployment rate among Arkansans with disabilities is approximately 60 percent, a figure consistent with the national average. The role of ARS is stipulated to increase the number of persons with disabilities returning to the workplace where they become productive and independent taxpayers instead of tax revenue dependent.

History

Vocational Rehabilitation was initiated in the United States with the passage of the Smith-Fess Act in 1920, which permitted the states to participate by providing federal aid. The act provided funding for medical and surgical treatment and vocational training. Arkansas accepted its first funds for this purpose as the result of state legislation in 1923, with the State Board of Education administering the program. ARS has a record of more than 85 years of exemplary performance as the primary state agency providing education, training, and employment to Arkansans with disabilities. The size of the agency and scope of services have continued to grow and improve over the years; however, ARS has continued to operate as a strong state and federal partnership that enjoys bipartisan support because of its record as a strong, cost-effective program that produces documented results.

In 1971, Arkansas legislation transferred administration of the state VR program to the Department of Social and Rehabilitative Services (now the Department of Human Services). During the time it was administered by the Department of Social and Rehabilitative Services, the program was known as the Division of Rehabilitation Services. Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred it back to the Department of Education, where it was placed under the oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division (now the Department of Career Education). ARS was actively involved in the development of legislation resulting in Act 803 of 1997, which created ARS as a division of the Department of Workforce Education.

Since its inception, the public VR program has continually expanded both in terms of additional federal resources and in the numbers and types of disabilities served. In 1943, the agency's scope of services was expanded to include individuals with mental retardation and mental illness, as well as those with physical disabilities. In 1954, the program was again expanded, this time by the inclusion of private non-profit community-based rehabilitation programs, as well as disability-related research and training centers. In 1961, ARS established the Hot Springs Rehabilitation Center (Now the Arkansas Career Training Institute or ACTI) that continues to operate today as one of eight state-operated comprehensive medical rehabilitation and vocational training centers in the nation.

More recent changes in federal legislation have increased emphasis on serving special education students as they transition to the world of work. ARS is actively involved in Welfare-to-Work and School-to-Work initiatives in order to ensure that Arkansans with disabilities participating in these programs are provided opportunities to prepare for and achieve gainful employment. A recently initiated disability management program focuses on assisting employers in developing return-to-work programs for employees (RAVE) experiencing injuries or illnesses, thus reducing workers' compensation costs. ARS also has been required to develop rehabilitation engineering and advanced technology capabilities in order to enhance training and employment opportunities for individuals who are severely disabled.

Federal law now requires that people with the most severe disabilities be served first, based upon an order-of-selection, when adequate funds are not available to serve everyone who may be eligible for services. In Arkansas, the demand for services exceeds the funding capacity, meaning that services are limited to those classified as significantly disabled. Although this group of clients requires more comprehensive services over a longer period of time and at a greater cost, ARS continues to place more people with disabilities in employment each year.

In 1990, Congress passed the Americans with Disabilities Act (ADA), the world's first civil rights legislation for people with disabilities. ARS continues to provide guidance and technical assistance to state agencies and to the private sector regarding compliance with the ADA.

The Workforce Investment Act of 1998 included the reauthorization of the Rehabilitation Act of 1973 and requires that the states establish a new service delivery system. This new system includes a "one-stop shop" approach involving all agencies that serve people who are unemployed, including those with disabilities. As one of the required partners in Arkansas's one-stop system, called the Career Development Network (CDN), ARS participates in each of 10 local regions with office space, resources, and personnel. ARS's involvement in the CDN system provides Arkansans with disabilities increased opportunities to achieve gainful employment or independent living.

ARS currently serves approximately 18,000 individuals with disabilities each year in a variety of programs. Federal Fiscal Year (FFY) 2013 results are 2,917 individuals placed in competitive employment at an average cost of \$4,100. Of these individuals, 96.4% are significantly disabled. The placement of these individuals in competitive employment represents a significant investment in the state's economy. For example, in FFY 2013, our clients earned an average of \$200.00 per week and after vocational rehabilitation services, this increased to \$408.00, a 104% increase in earning power. Additionally, employer provided insurance increased 93% following a successful employment outcome.

The Federal Office of Management and Budget estimates that for every \$1 spent on VR services, \$7 is returned to the economy. This return on investment is realized in the economic benefit to the individual, the taxes paid, and the elimination or reduction of Social Security, welfare, and other public subsidy payments. One of the most important benefits cannot be measured. The creation or return to meaningful personal participation in society along with the personal dignity and independence achieved by those who have been served is immeasurable.

Over the years, ARS has focused on innovative programs modifications that not only comply with new federal and state initiatives but also enhance the quality of services and improve the employment outcomes of individuals with disabilities. As a result, ARS has received strong support from the executive and legislative branches, as well as from customers we serve. However, despite the successes ARS has had in assisting individuals with disabilities, ARS has received only basic cost-of-living increases in state and federal funds over the past several years. These cost-of-living increases have not kept pace with cost of providing employment-related services. As a result, the demand for services now significantly exceeds the resources available, a trend that will continue if funding increases are limited to cost-of-living adjustments.

Structure

Arkansas Rehabilitation Services is designed to assure a comprehensive, statewide system of service delivery that addresses the diverse needs of Arkansans living with disabilities. (See the accompanying organizational chart). The major service delivery components are: (1) the Field Services Program, which operates offices in 19 locations serving persons with severe disabilities in all seventy-five (75) counties, except those who are blind (DHHS); (2) the Arkansas Career Training Institute, which is a comprehensive vocational rehabilitation center providing education, medical and vocational training for clients throughout the State and region; (3) Special Programs and Support Services consisting of a comprehensive vocational/psychological evaluation network, the Successful Employment through Assistive Technology (SEAT) program, the Learning and Evaluation Center (LEC) providing mental health and special services for persons with learning disabilities; (4) the Office for the Deaf and Hearing Impaired which serves persons who are deaf or hearing impaired, as well as those who are deaf-blind, with vocational rehabilitation and independent living services; and (5) the Arkansas Kidney Disease Commission, which provides services to patients with end-stage renal disease. There are also several special projects or separately funded programs such as the Telecommunications Access Program (TAP), Supported Housing project, and an Alternative Financing program to assist with low interest loans for purchasing assistive technology. Supporting these service delivery operations are Financial Management, Human Resources Management, Information Systems and Services, and Program Planning, Development and Evaluation sections.

Arkansas Rehabilitation Services is primarily funded through the Department of Education Rehabilitation Services Administration (RSA). For the Vocational Rehabilitation Program RSA federal funding is 78.7% with a minimum state match of 21.3%.

General Field Program

The Field Program has 93 counselors serving individuals with disabilities in all 75 counties. All applicants are assigned a rehabilitation counselor. The counselor is responsible for interviewing and assessing disability and functional limitations, exploring the background, abilities, interests, and existing and potential barriers to employment. The determination of eligibility normally occurs within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the following services:

Diagnosis: Every person applying for traditional rehabilitation services undergoes a general assessment, which may include special examination in cases such as heart, eye, ear, bone or psychiatric disabilities. This will assist the counselor with eligibility determination.

Counseling and Guidance: Trained personnel make a thorough study of each applicant's abilities, needs, and challenges. Intelligence along with vocational interest tests are administered to identify strengths and limitations of the individual in order to assist in determining options for pursuing competitive employment. Jointly the person with a disability and his/her counselor develop an individualized plan for employment (IPE) which establishes an employment goal and the necessary action steps, time frames and estimated costs to achieve the employment goal. Ongoing vocational counseling is a critical element in the success of the customers with whom we work.

Physical Restoration: The aim of physical restoration services is to remove, or substantially reduce, the individual's disability as an impediment to employment. Services may include medical and surgical treatment, hospitalization, personal care assistance services, physical and occupational therapy, and restorative appliances such as: artificial limbs, braces, glasses, wheelchairs, vehicle adaptations, assistive technology such as voice activated computers and speech synthesizers.

Other Services: Financial assistance that enables the client to purchase tools for self-employment, licensure and business enterprise supplies may also be available. Employment, housing and transportation information and assistance is available. Additionally, wheelchair repairs, peer counseling, and other related services are also available.

Job Placement: ARS cooperates with training agencies, employment agencies, and employers in an effort to secure suitable employment for eligible individuals with disabilities. ARS has placement specialists in all general field offices across the State. Job placement counselors assist our clients with job applications, interviews, and eventual employment in the workplace.

Education and Training: Financial assistance may be applied to a recognized public or private trade or business school, college, or university. Training in various skills also is available at the ACTI, including auto mechanics, body and fender repair, business education, cosmetology, custodial, laundry, printing, sales clerk, sewing, small engine repair, auto parts technician, welding, data processing, food service and others.

Rehabilitation Engineering: Any person, employer, agency, or organization needing help in planning and designing ADA compliant access to the home or work place may secure such assistance from the ARS. The same provision applies to modifications of tools and equipment to make them more adaptive by persons with disabilities.

Supported Employment (Title VI): With the collaboration of the Division of Developmental Disabilities and the Division of Behavioral Mental Health of the Department of Human Services, along with the support of community organizations, ARS provides supported services to the most severely disabled individuals, those who cannot function in the work place without ongoing assistance. Job coaches are assigned to the clients to help them adapt more readily to employment. These services provide meaningful employment to people who have historically been excluded from the workforce and placed in institutions or in segregated programs. During Federal Fiscal Year 2007, 131 individuals received vocational & occupational skills assistance from the Supported Employment program.

Independent Living Services (IL): IL services may be provided to any severely disabled person found eligible and may include counseling (psychological, psychotherapeutic, and guidance), physical restoration services, e.g. (braces, housing modifications, wheelchair, prosthesis, etc., and transportation). This program also provides support to independent living centers such as Mainstream Living, SPA Area Independent Living, Delta Resource Center for Independence, and Sources for Community Living. During Federal Fiscal Year 2007, 61 individuals received assistance from the Independent Living program.

If the individual is in need of comprehensive rehabilitation facility services, the counselor may refer the client to the Arkansas Career Training Institute ACTI.

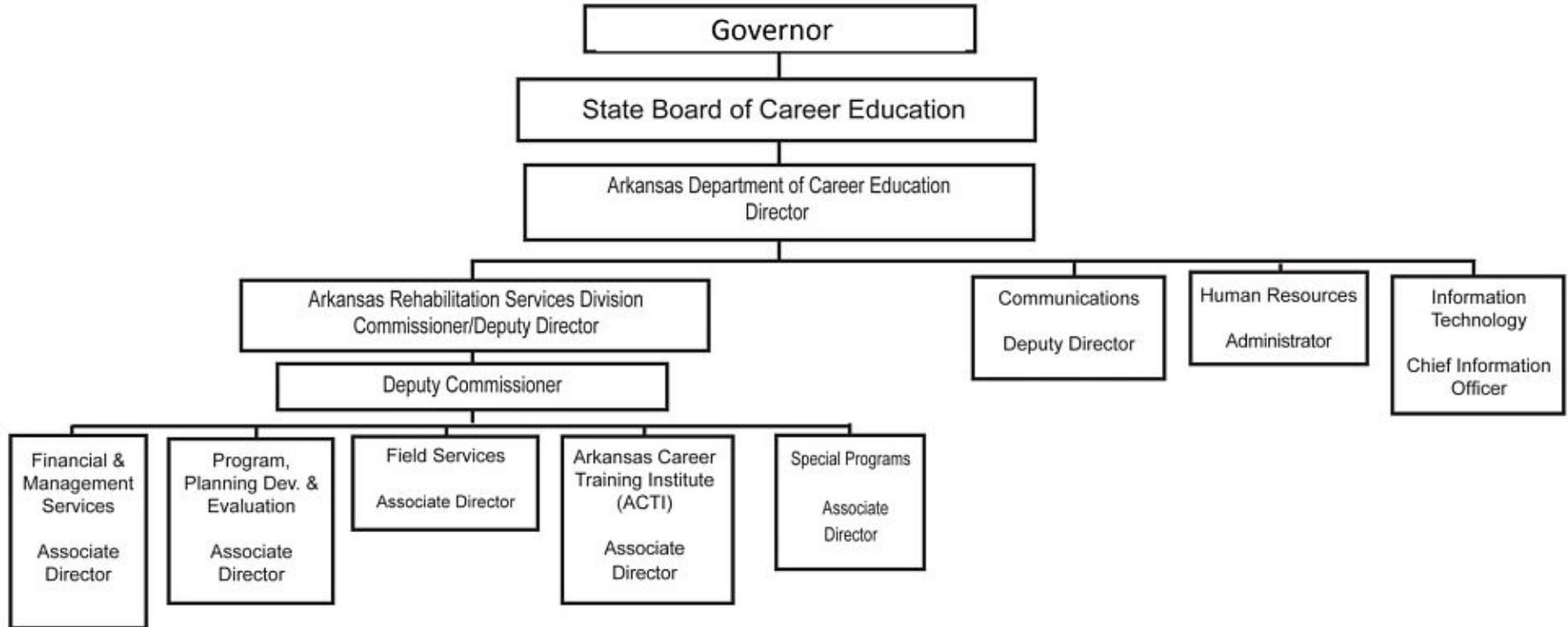
Arkansas Career Training Institute

The Arkansas Career Training Institute (ACTI) is a comprehensive rehabilitation program. It offers both residential and non-resident medical and vocational services to approximately 450 Arkansas citizens with disabilities each year, serving a population average of 270 at any one time. ACTI is a 24-hour a day facility focused on preparing people with disabilities for careers. The Administrator of the ACTI has responsibility for the management of the facility and reports to the Commission of Arkansas Rehabilitation Services Commissioner. The Center employs 210 people.

ACTI provides a wide variety of services to prepare clients of ARS to become employed. Services include counseling, case management, vocational evaluation, vocational training, employment readiness, recreation, student living, medical services (clinic, occupational therapy, physical therapy, speech therapy, lab, pharmacy, and psychological services), behavioral enhancement, and job placement.

Vocational Training is provided in 12 different programs, with many programs offering multiple courses of study which can be tailored to meet the learning style and rehabilitation needs of the client/student.

After hours Recreation Services are provided to help the student adjust to the Center's living environment through wholesome activities to pass the time when the student is not actively engaged in other rehabilitation activities. The Recreation program utilizes 6 staff to plan and supervise the recreational activities, which can range from sedentary activities such as board and video games to vigorous exercise programs. A weight-management program is also supervised in coordination with dietary services in this section.



Agency Commentary

Vocational Rehabilitation Services

The Rehabilitation Act of 1973 requires state rehabilitation agencies to provide a coordinated set of activities designed to help persons with physical or mental impairments prepare for and achieve gainful employment. These activities are designed to meet RSA standards and indicators of achievement and are outcome-oriented in collaboration with other agencies such as the Arkansas Departments of Education and Higher Education, local workforce centers, and local school districts. These activities can consist of postsecondary education, vocational training, integrated employment, continuing employment, continuing and adult education, adult services, and independent living.

Arkansas Rehabilitation Services (ARS) receives a federal grant from the Rehabilitation Services Administration to operate a comprehensive, coordinated, effective, efficient and accountable program designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their priorities, abilities, through informed choice, in order to engage in gainful employment.

General Field Program

There are currently 93 VR counselors in the general field program servicing 16,000 - 18,000 clients annually in all 75 counties. The Field Program is divided into 10 districts with a manager assigned to each district. There are 19 offices located throughout the state. The Chief of Field Services oversees the program with the guidance and approval of the Commissioner. The Vocational Rehabilitation Program is eligibility based and all applicants are assigned a rehabilitation counselor after the referral process. The counselor is responsible for interviewing and assessing disabilities as they relate to functional limitations. The determination of eligibility by field counselors is required by federal law within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, and a realistic time frame for goal accomplishment. Once the client has completed all assigned tasks, goals and objectives, the client is placed with an employment provider and after 90 days of employment the case will be closed as rehabilitated. This is considered a successful closure

Partnerships

First, Arkansas Rehabilitation Services is involved in developing new partnerships with other agencies to increase our service to people with disabilities. The Agency is very pleased to collaborate on a new pilot project with Public Employee Claims Division called RAVE. ARS is coordinating efforts to assist early return to work for individuals on medical or disability leave whose job performance has been affected by physical or mental conditions or who have sustained on the job injuries. ARS may provide assessment, counseling or specific accommodation. The benefits to employers are retaining productive workers, providing access to technical expertise and customized accommodation cost, and reducing recruiting cost. Additionally, ARS is partnering with Jefferson Comprehensive Care System Inc., a non-profit community health care provider with clinics located in rural Arkansas. The mission is to provide primary health care and related health education and social services to designated service areas to improve the health of those living in medically underserved areas. The outreach counties are: Arkansas, Ashley, Chicot, Desha, Drew, Jefferson, Lincoln, Prairie, Lonoke and Pulaski. ARS has assigned vocational counselors to each county to provide information about VR services, assessment and job placement. JCCSI will host several training sessions at the

annual Arkansas Rehabilitation Association Conference covering AIDS Awareness and Chronic Diseases. The agency has secured an additional pilot project with The Work Number, an employment verification service used to determine eligibility for the TANF, Food Stamps, and Medicaid programs. The Work Number provides current wages, income history, name of employer and resident. This service is an asset to our program and will help field staff locate our clients and increase successful outcomes. In an effort to support the Governor's initiative for state agencies to work together on providing services to Arkansans, the agency adopted a cooperative agreement with the Division of Behavioral Health Services. The objective is to care for and improve the health of citizens of Arkansas through an integrated system of prevention and treatment for mental health and substance abuse. ARS will accept referrals for individuals with mental illness, provide counseling services and refer clients to supportive employment vendors to provide training, job coaching, and placement.

Telecommunications Assistance Program (TAP) Appropriation Request

Proposed Appropriation Increase Requests: \$239,019 for FY 2015-2016; \$192,019 for FY 2016-2017. These program appropriation requests would adjust the TAP budget appropriation to fully support the 3 personnel positions assigned, while allowing for use of the additional revenues available to the program to increase and promote client services. Additional revenues were derived from a 1 cent surcharge increase on land and cell phone lines effective July 1st, 2013.

Arkansas Project SEARCH® Expansion Request

Proposed Appropriation Request: \$725,000 for FY 2015-2016; \$1,200,000 for FY 2016-2017. This program appropriation request would support finding sustainable, competitive employment for Arkansas citizens with developmental disabilities, without the need for additional agency general revenue funding. Through its UAMS Project SEARCH® program partnership, ARS and ACCESS have demonstrated a successful on-the-job vocational training model to achieve meaningful employment for individuals with disabilities. The organizations' leaders seek to expand the existing site and to establish five additional sites across the state, implemented in gradual phases, with the program serving 91 citizens per year by Year 4, and 351 total by Year 5. In addition to producing 91 employment-ready citizens who have disabilities per year by Year 5, the Arkansas Project SEARCH® proposal will create 26 additional jobs through program staff placements in six Arkansas communities by Year 5.

ARS Vocational Rehabilitation Program Appropriation Request

Proposed Appropriation Increase Request: \$2,000,000 for FY 2015-2016; \$2,000,000 for FY 2016-2017. This program appropriation request would support providing more citizens of Arkansas with disabilities the opportunity for meaningful, quality employment. Rehabilitation Service Administration continually monitors how the agency provides services to our clients with disabilities. In 2011, RSA strongly recommended that the agency no longer use the Order of Selection process which mandates that the agency will only serve clients with the most significant disabilities. Removing this process requires that the agency serve clients with non-significant disabilities as well as significant disabilities, greatly increasing our client base. Additionally, RSA recommended that the agency provide more services to transitional

age students. The transitional age is 16 through 23. In order to adequately serve this population, an appropriation increase is needed for quality client services.

ARS Extra Help Appropriation Request

Proposed Appropriation Increase Request: \$80,000 for FY 2015-2016; \$80,000 for FY 2016-2017. This program appropriation request would allow for additional Extra Help support to address program needs.

ARS Capital Outlay Appropriation Request

Proposed Appropriation Increase Request: \$1,100,000 for FY 2015-2016; \$1,100,000 for FY 2016-2017. This program appropriation request would support acquisition and improvement of additional client service centers throughout the state.

ARS Arkansas Promise Appropriation Request

Proposed Appropriation Increase Request: \$385,000 for FY 2015-2016; \$385,000 for FY 2016-2017. Arkansas Promise (Promoting the Readiness of Minors in Supplemental Security Income) Grant - This appropriation will continue a previously approved Miscellaneous Federal Grant request providing salaries, personal services match, and travel costs to implement AR Promise at Arkansas Rehabilitation Services.

Position Reclassification Request

Field Services

The Division of Field Services, including Arkansas Career Training Institute - ACTI:

- Two (2) Administrative Analyst, class code C037C, grade C115;
- Two (2) Administrative Review Analyst, class code C036C, grade C115;
- Three (3) Rehabilitation Area Managers, class code L037C, grade C120;
- One (1) Vocational Education Coordinator, class code E011C, grade C124;
- One (1) Rehabilitation Director of Vocational Training, class code E005C, grade C126

The above positions are needed to manage the federal requirements, provide technical assistance and guidance to clients, students and teachers, and to manage the logistics of local, state, and national projects.

ACTI has a consistent, increasing student and employer demand for Adult Education programs and services, to support a 21st century, post-recession workforce.

The Field Services Division is charged with development of programs and services designed to provide increased employment of individuals with disabilities through the provision of individualized training, independent living services, educational and support services, and meaningful opportunities for employment in integrated work settings.

Human Resources

The Human Resources Department:

Agency Administrative Review Officer, class code G138C, grade C120;
Human Resources Analyst, class code R025C, grade C117

The Agency has grown and foresees steady future growth. This steady growth demands qualified staff in the area of Human Resources. In addition, the Office of Personnel Management (OPM) has developed much needed and detailed Dispute Resolutions process. Because of the possible legal ramifications a request for the above position is needed. In addition, there is a growing need in the area of Human Resources due to the ongoing changes and growth with the agency.

Finance

The Finance Department:

ACE Division Manager, class code G010C, grade C128

The Agency has grown and foresees steady future growth. This growth requires one manager with high level skills to oversee the accounting operations of the programs. The Agency administers millions of dollars in state and federal grants to support career and technical and adult education programs and services. We award grants of over \$75 million to school districts, colleges, vocational and adult education centers. The complex, increased funding, monitoring, transparency and audit compliance warrants sufficient, knowledgeable financial professionals to achieve management goals and objectives.

Position Cross/Downgrade Request

The Agency requests approval to continue the authorized titles for the following out of family cross/downgraded positions:

- Maintain five (5) Authorized Titles- Certified Vocational Rehab Counselor; Class Code: L098C; C119; currently cross-graded to Vocational Rehabilitation Placement Specialist; Class Code: M032C; C117
- Maintain two (2) Authorized Title - Rehab Program Coordinator; Class Code: G163C; C118; currently cross-graded to Vocational

Rehabilitation Placement Specialist; Class Code: M032C; C117

- Maintain Authorized Title - Registered Nurse; Class Code: L032C; C121; currently cross-graded to Vocational Rehabilitation Placement Specialist; Class Code: M032C; C117
- Maintain Authorized Title - General Physician; Class Code: L013N; N916; currently cross-graded to an ADE Litigation Attorney; Class Code: G001N; N912
- Maintain three (3) Authorized Titles - Certified Nursing Assistant; Class Code: L082C; C109; currently cross-graded to an Administrative Specialist II; Class Code: C073C; C109
- Maintain Authorized Title - Certified Nursing Assistant; Class Code: L082C; C109; currently cross-graded to a Duplication Assistant; Class Code: C070C; C109
- Maintain Authorized Title - Administrative Specialist III; Class Code: C056C; C112; currently cross-graded to a Local Office Administrative Assistant; Class Code: C062C; C110
- Maintain Authorized Title - Administrative Specialist III; Class Code: C056C; C112; currently cross-graded to a Purchasing Technician; Class Code: V022C; C112
- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121; currently cross-graded to a Human Resources Analyst; Class Code: R025C; C117
- Maintain Authorized Title - Payroll Service Specialist; Class Code: A090C; C115; currently cross-graded to a Human Resources Specialist; Class Code: R036C; C113
- Maintain Authorized Title -Licensed Practical Nurse; Class Code: L069C; C113; currently cross-graded to a Human Resources Specialist; Class Code: R036C; C113
- Maintain Authorized Title - Human Resources Specialist; Class Code: R036C; C113; currently cross-graded to a Record Management Analyst; Class Code: C043C; C113
- Maintain Authorized Title - Vocational Rehab Evaluator; Class Code: M061C; C114; currently cross-graded to a Record Management Analyst; Class Code: C043C; C113
- Maintain Authorized Title -Rehab Program Coordinator; Class Code: G163C; C118; currently cross-graded to a Business Operations

Specialist; Class Code: C022C; C116

- Maintain two (2) Authorized Titles - Certified Nursing Assistant; Class Code: L082C; C109; currently cross-graded to a Residential Care Technician; Class Code: M083C; C108
- Maintain Authorized Title - Administrative Specialist III; Class Code: C056C; C112; currently cross-graded to a Storeroom Supervisor; Class Code: V023C; C111-22081748
- Maintain Authorized Title - Public Safety Security Officer; Class Code: T084C; C110; currently cross-graded to a Warehouse Specialist; Class Code: V025C; C111
- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121; currently cross-graded to a Procurement Coordinator; Class Code: V007C; C119
- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121; currently cross-graded to a Public Safety Officer; Class Code: T055C; C116
- Maintain Authorized Title - Certified Vocational Teacher; Class Code: E043C; C117; currently cross-graded to a Public Safety Director; Class Code: T062C; C115
- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121 currently cross-graded to a Software Support Analyst; Class Code: D052C; C121
- Maintain Authorized Title - Training Project Manager; Class Code: E023C; C120 currently cross-graded to a Website Developer; Class Code: D064C; C118
- Maintain Authorized Title - Medical Technologist; Class Code: L061C; C115 currently cross-graded to a Vocational Instructor; Class Code: E049C; C118
- Maintain Authorized Title - ACTI Medical Services Manager; Class Code: L005C; C126 currently cross-graded to a Rehab Director-Special Programs; Class Code: G040C; C126

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION – ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None
<u>Findings Covering Programs Audited by Other External Auditors</u>	
<u>U.S. Department of Education</u>	
Finding Number:	13-520-01
State/Educational Agency(s):	Arkansas Department of Career Education - Arkansas Rehabilitation Services
CFDA Number(s) and Program Title(s):	84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States
Federal Award Number(s):	H126A120003; H126A130003
Federal Award Year(s):	2012 and 2013
Compliance Requirement(s) Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Type of Finding:	Noncompliance and Significant Deficiency
Criteria:	
34 CFR § 80.20(a) requires that the agency's financial management systems be sufficient to permit preparing required reports and tracing funds to a level of expenditures adequate to establish that such funds have not been used in violation of restrictions, prohibitions, and statutes.	
Condition and Context:	
Again, the Agency was unable to reconcile, by grant award, the client payments from System 7, the Agency's client management software. As a result, the Agency reported \$797,751 in Vocational Rehabilitation (VR) funds for costs that were related to other federal programs.	
Questioned Costs:	
\$797,751	
Cause:	
The Agency did not have adequate internal control procedures in place to ensure that appropriate reconciliations were performed between the Arkansas Administrative Statewide	
	Recommendation:
	We recommend the Agency strengthen controls and procedures to ensure that periodic reconciliations between AASIS and System 7 are performed.
	<u>Views of Responsible Officials and Planned Corrective Action:</u>
	ARS Discussion
	The \$797,751 in VR funds reported in error was identified and corrected during training and review of all federal grant reports during this audit period. Federal report training for a new supervisor was ongoing during the time of this error. This initial training has been completed, and training updates will continue.
	With regards to this "repeat" finding for Libera/AASIS reconciliation, ARS concedes that during the reporting period for this audit, a formal process for reconciliation between AASIS and Libera was not in place. This process is now in place and the agency has 5 months of reconciled reports that account for all expenses between AASIS and Libera. The process changes and controls were put in place after the conclusion of State Fiscal Year 2013, and therefore by definition will produce a "repeat" finding when the entire fiscal year is considered. Only when a complete fiscal year is processed with the proper controls and processes in place will this cease to be a "repeat" finding.
	As stated in our previous response to this finding, at no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.
	ARS Action Taken
	Libera to AASIS reconciliation procedures are defined and implemented. This agency has reconciled AASIS /Libera reports monthly starting October 1, 2013. Continuous review to identify any future potential conflicts in reporting will be conducted with ARS personnel and Libera software technicians. Additionally, training for the federal reports in question has been provided and will continue on an ongoing basis to help prevent future reporting errors.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF CAREER EDUCATION – ARKANSAS REHABILITATION SERVICES
 FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
<p>Information System (AASIS) and System 7.</p> <p>Effect: Failure to reconcile expenditures by grant award in AASIS to client expenditures in System 7 resulted in expenditures of other programs being inappropriately reported as VR grant funds.</p>	<p>Anticipated Completion Date: Complete</p> <p>Contact Person: Joseph Baxter Chief Fiscal Officer Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 (501) 296-1614 joseph.baxter@arkansas.gov</p> <p><i>Additional Comments From The Auditor:</i> The Agency stated that the issue addressed in this finding had no adverse impact on the grant. However, \$444,952 of the \$797,751 in questioned costs represents expenditures of non-VR programs drawn against the 2012 VR grant award. In addition, the report for the 2012 grant award has been submitted and closed without correction of this error.</p>
<p><u>U.S. Department of Education (Continued)</u></p> <p>Finding Number: 13-520-02 State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States Federal Award Number(s): H126A120003; H126A130003 Federal Award Year(s): 2012 and 2013 Compliance Requirement(s) Affected: Allowable Costs/Cost Principles Type of Finding: Noncompliance and Material Weakness</p> <p>Criteria: In accordance with 2 CFR § 225, Appendix E, indirect cost rates shall be reviewed, negotiated, and approved by the cognizant federal agency. The results shall be formalized in a written agreement between the cognizant agency and the governmental unit. The agreement is commonly referred to as an Indirect Cost Rate Agreement (ICRA).</p>	<p>Recommendation: We recommend the Agency strengthen controls and procedures to ensure that negotiations of indirect cost rates resume and are supported by the appropriate documentation.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p>ARS Discussion ARS respectfully contends that management does have procedures in place to ensure the ICRP and related documentation is prepared and submitted to RSA. In the current instance, a changeover in key staff extended the normal reporting time. A new ICRP has subsequently been submitted along with all proper documentation, and receipt acknowledged by the Department of Education Indirect Cost Group. The method and processes used to calculate these costs were in keeping with indirect cost calculation procedures and those used in prior year calculations submitted to the Cost Group for approval.</p> <p>ARS Action Taken</p>

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION – ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Condition and Context:

The Agency claimed \$1,480,651 in indirect costs without a current ICRA for fiscal year 2013. The costs were claimed using an ICRA that expired on June 30, 2012.

Questioned costs:

Unknown

Cause:

The Agency did not have adequate internal control procedures in place to ensure that indirect costs claimed were authorized by a current ICRA.

Effect:

Unauthorized claims for indirect costs could be determined unallowable, resulting in a liability and refundable to the federal awarding agency.

U.S. Department of Education (Continued)

Finding Number: 13-520-03
State/Educational Agency(s): Arkansas Department of Career Education -
Arkansas Rehabilitation Services
CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational
Rehabilitation
Grants to States
Federal Award Number(s): H126A120003; H126A130003
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

2 CFR § 225, Appendix B, 8.h(4) and 8.h(5), requires that the distribution of salaries or wages of employees who work on multiple activities or cost objectives be supported by personnel activity reports or equivalent documentation that reflects an after-the-fact distribution of each employee's actual activity.

Recommendations

Procedures and controls are now in place to ensure that Indirect Cost Rate Proposals are submitted in a timely manner. All required ICRPs have been submitted and acknowledged by the Department of Education Indirect Cost Group. Once these proposals are approved, any affected reports will be corrected to the approved rate.

Anticipated Completion Date: April 2014

Contact Person:

Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Recommendation:

We recommend the Agency establish internal control procedures to accurately distribute the costs of employees who work on multiple activities or cost objectives.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

ARS respectfully contends that it does have procedures in place to ensure that personnel activity after the fact are properly recorded. Initially, ARS developed a flat rate for personal activity, but that was later deemed imprecise and the agency subsequently developed and implemented a reporting formula that reflected 15 minute increments for personnel activities. ARS put in place the current procedures and forms for Personnel Activity Reports (PARS) tracking in May of 2013, shortly after the SFY2012 Single Audit concluded. These forms have been in continuous use by the affected employees and will be used to properly expense the related salaries to the appropriate grants at the end of the current fiscal year.

ARS Action Taken

The PAR forms are in use as May 2013. The completed forms will be used to properly

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Condition and Context:

Of the 489 positions paid with Vocational Rehabilitation Grants to States (VR) funds, 18 positions were also paid from other federal grant programs or cost objectives. Again, the Agency could not provide activity reports to support the time charged to the VR grant. For most of these 18 positions, the Agency appeared to charge a flat 80% of the position's salary to the VR grant.

Questioned Costs:

Unknown

Cause:

The Agency did not have adequate internal control procedures in place to properly record personnel activity after-the-fact for multiple grants or cost objectives.

Effect:

Paying positions based on a flat rate instead of actual activity could result in VR grant funds being used to support non-VR activities. Noncompliance with program requirements could jeopardize future awards.

U.S. Department of Education (Continued)

Finding Number: 13-520-04
State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services
CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States
Federal Award Number(s): H126A120003; H126A130003
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

In accordance with 2 CFR § 225, Appendix B, 8(d)(3), payments for unused leave when an employee retires or terminates employment are allowable in the year of payment, provided

Recommendations

expense grant related activities for SFY2014.

Anticipated Completion Date: Complete

Contact Person: Joseph Baxter
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 (501) 296-1614
joseph.baxter@arkansas.gov

Recommendation:

We recommend the Agency strengthen internal controls and procedures to ensure payments for unused leave are allocated in accordance with regulations.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

This error in federal reporting was identified and corrected during training and review of all federal grant reports.

ARS Action Taken

Federal report training for a new supervisor was ongoing during the time of this error. This initial training has been completed, and training updates will continue. At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.

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<p>they are allocated as a general administrative expense to all activities of the governmental unit or component. The payments are not allowed to be charged as direct costs of federal programs.</p> <p>Condition and Context: The Agency made payments to employees for unused leave totaling \$235,346 that were not allocated as a general administrative expense. The payments were charged as direct costs, which is unallowable. A portion of these payments would have been incurred in a time period that was not covered by an Indirect Cost Rate Agreement (ICRA); therefore, questioned costs are unknown.</p> <p>Questioned costs: Unknown</p> <p>Cause: The Agency did not have adequate internal controls or adequately trained staff in place to ensure payments for unused leave were allocated as required.</p> <p>Effect: Costs not allocated could be determined unallowable, resulting in a liability and refundable to the federal awarding agency.</p>	<p>Anticipated Completion Date: Complete</p> <p>Contact Person: Joseph Baxter Chief Fiscal Officer Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 (501) 296-1614 joseph.baxter@arkansas.gov</p>
<p><u>U.S. Department of Education (Continued)</u></p> <p>Finding Number: 13-520-05 State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States Federal Award Number(s): H126A120003; H126A130003 Federal Award Year(s): 2012 and 2013 Compliance Requirement(s) Affected: Allowable Costs/Cost Principles Type of Finding: Noncompliance and Significant Deficiency</p> <p>Criteria:</p>	<p>Recommendation: We recommend the Agency strengthen internal control procedures to ensure that client expenditures are made in accordance with established policy.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p>(1) The agency acknowledges that an exception form to exceed \$5,000 was not present in the electronic case file. The agency has already taken preventive steps to ensure this error will not occur in the future; by conducting training on January 15, 2014, on internal controls and procedures for utilizing an exception form. The agency is testing a process that will initiate a requirement for completion of an exception form when applicable.</p> <p>(2) Section VI-51 of the October 2010 ARS Policy and Procedure Manual allows for home modifications to the extent that remodeling to the home occurs inside the structure's foot</p>

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In accordance with 2 CFR § 225, Appendix A (C)(1)(d), in order for costs to be allowable under federal awards, they must conform to any limitations or exclusions set forth in these principles, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items. The October 2010 Arkansas Rehabilitation Services (ARS) Policy and Procedure Manual (Manual) is a set of regulations governing the Agency's use of the federal grant.

Section VI-18 of the ARS Manual establishes a \$5,000 threshold per 12-month period for tuition, required textbooks, academic fees, maintenance, and transportation. Exceptions to this threshold may be granted in special instances but must be documented with the counselor's explanation of the extenuating circumstances and approved by the District Manager.

Section VI-51 of the ARS Manual allows for home modifications only to the extent that remodeling to the home will occur inside the structure's footprint. Additions to the home are specifically excluded.

Section VI-3 of the ARS Manual states that the counselor will not approve payment requests until documentation is received that the service has been provided. Documentation may include medical reports, training progress reports, attendance forms, receipts, and/or invoices.

Condition and Context:

We reviewed 259 expenditure items totaling \$317,108 that represented 84 clients. Our review revealed a lack of adequate supporting documentation resulting in the following deficiencies:

- Training costs for eight clients exceeded the \$5,000 threshold and were not accompanied by an explanation of the extenuating circumstances or the approval of the District Manager. Questioned costs totaled \$56,075.
- Construction costs for adding living space to an existing home were paid for one client. Such home modifications are specifically prohibited by Section VI-51 of the ARS Manual. Questioned costs totaled \$20,000.
- Costs for dental services totaling \$4,199 were paid, although the services were never performed. The error was discovered by dentist office staff who returned the warrant to the Agency; therefore, no questioned costs are reported for this internal control deficiency.

Recommendations

print. Accessibility assistance to the client was provided and performed within the domicile's footprint in order to assure the client had accessible and independent living conditions within the family support system. No additions to the domicile footprint or medically unnecessary accommodations were performed. Additionally, any and all additions or modifications not a part of the agency's agreement were paid for by the homeowner. Moreover, the questioned cost was reasonable in relation to the medically necessary accommodation and was separate and apart from additional modifications paid for by the homeowner that totaled over \$100,000.

(3) It is the practice of agency vendors providing dental services in rural areas of Arkansas to require prepayment in advance of the service. In this instance, the vendor required prepayment and the agency is obligated to provide the medically necessary assistance under such terms. However, before the client could receive the medical assistance, he was incarcerated. The agency requested and received the return of the prepayment and there was no loss to the agency. Nevertheless, the agency has negotiated alternate terms with such vendors that only require a partial prepayment.

Anticipated Completion Date: Complete

Contact Person: Joseph Baxter
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Recommendations

Questioned Costs:

\$76,075

Cause:

Agency counselors and administrative staff were not adequately trained, and disbursements were not adequately reviewed to ensure they were made in accordance with the ARS Manual.

Effect:

Failure to follow policy could lead to inefficient use of program resources and/or misappropriation of funds.

U.S. Department of Education (Continued)

Finding Number: 13-520-06
State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services
CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States
Federal Award Number(s): H126A120003; H126A130003
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Cash Management
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

31 CFR § 205.33 requires that the timing and amount of funds transfers be as close as administratively possible to a state's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. In addition, 34 CFR § 76.731 requires states to maintain records showing their compliance with program requirements.

Condition and Context:

While the Agency did not appear to have a balance of federal funds on hand at the end of the

Recommendation:

We recommend the Agency strengthen internal controls procedures to ensure that the amounts drawn against federal grant awards are adequately supported by direct program costs and the proportionate share of allowable indirect costs.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

The agency acknowledges that supporting documentation for the first four draws tested was not available. Draw calculation procedures were put in place and are reflected in the remaining five draws tested. The agency acknowledges that program income and indirect cost calculations were not accounted for in the new process. This has been corrected in updated procedures.

At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program. As the audit report states, the agency was never in a position of having overdrawn federal funds.

ARS Action Taken

Cash draw calculation procedures and training have been updated to account for program income and indirect costs. The CFO will continue to monitor the training and draw

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fiscal year, the following issues were noted with the nine draws tested:

- No documentation was provided to support four draws made on 8/28/2012, 9/20/2012, 11/20/2012, and 1/29/2013. The draws totaled \$4.8 million.
- The documentation provided to support five draws made on 2/12/2013, 2/19/2013, 2/26/2013, 4/29/2013, and 6/21/2013 contained incomplete calculations of VR expenditures and an overstated balance of amounts under drawn. The draws totaled \$6.8 million.

Questioned Costs:

None

Cause:

Agency employees responsible for cash management requirements of the federal grant award were not adequately trained. In addition, the Agency does not have adequate internal control procedures in place to ensure that cash draws were adequately supported.

Effect:

Inaccurate draw calculations could cause federal draws to exceed allowable federal expenditures.

U.S. Department of Education (Continued)

Finding Number: 13-520-07
State/Educational Agency(s): Arkansas Department of Career Education -
Arkansas Rehabilitation Services
CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational
Rehabilitation
Grants to States
Federal Award Number(s): H126A120003; H126A130003
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Procurement and Suspension and Debarment
Type of Finding: Significant Deficiency

Criteria:

Recommendations

calculations process. The CFO will continue to verify and approve the accuracy of the draw prior to submission.

Anticipated Completion Date: Complete

Contact Person:

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Recommendation:

We recommend the Agency strengthen internal controls and procedures to ensure compliance with federal suspension and debarment requirements.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

Historically, the agency has relied on the Arkansas Department of Finance & Administration's records and database in certifying that no debarred or suspended party participates in a Federal Assistance Program. Consequently, there has never been an instance in the agency's history of a debarred or suspended party participating in the program and there has never been a loss attributed to the agency resulting from such a practice. However, the agency agrees to require additional steps in order to mitigate the remote possibility of such an occurrence.

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or contract) at any tier to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension."

In addition, 2 CFR § 180.300 offers guidance to agencies for covered transactions with entities at the next lower tier. The agency must verify that the entity is not excluded or disqualified by:

- (a) Checking the Excluded Parties List System (EPLS); or
- (b) Collecting a certification from the entity; or
- (c) Adding a clause or condition to the covered transaction with the entity.

Also, as stated in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition and Context:

During our test of the internal controls over compliance, we discovered the Agency did not have internal control procedures in place ensuring compliance with the suspension and debarment portion of this compliance area.

Questioned Costs:

None

Cause:

Agency employees responsible for suspension and debarment requirements were not adequately trained. In addition, the Agency does not have internal control procedures in place to ensure the compliance objective was achieved and documented.

Effect:

Suspended or debarred entities could receive payments from federal grant awards that would be unallowable and subject to recovery by the federal awarding agency.

U.S. Department of Education (Continued)

Finding Number: 13-520-08

Recommendations

ARS Action Taken

Agency Debarment and Suspension procedures have been reviewed, and additional steps have been added to ensure federal and state compliance.

Anticipated Completion Date: Complete

Contact Person:

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Recommendation:

We recommend the Agency strengthen controls and procedures to ensure that SF-425

DIVISION OF LEGISLATIVE AUDIT
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<p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A120003; H126A130003</p> <p>Federal Award Year(s): 2012 and 2013</p> <p>Compliance Requirement(s) Affected: Reporting</p> <p>Type of Finding: Noncompliance and Material Weakness</p> <p>Criteria: In accordance with 2 CFR § 215.21, a federal awarding agency requires an agency financial management system to provide accurate, current, and complete disclosure of the financial results of each federally-sponsored program. Rehabilitation Services Administration (RSA) Policy Directive PD12-06 requires the agency to submit SF-425 reports semi-annually. The reports must be submitted no later than 45 days after the end of the reporting period. The reporting period end dates are March 31 and September 30. Final reports, as applicable, must be submitted no later than 90 days after the end of the grant period or the carryover year. Extensions of reporting due dates may be approved by the federal awarding agency upon request of the agency. The request and approval must be documented.</p> <p>Condition and Context: Our review of three reports revealed the Agency did not have adequate internal controls in place to ensure accurate, current, and complete financial information was submitted within the criteria established by the federal awarding agency.</p> <p>An email from the Fiscal Unit Chief of the RSA revealed that as of July 25, 2013, all SF-425 reports for the 2012 grant had not been submitted, including the report for the 2012 grant for the period ended March 31, 2012, which was included in finding 12-520-08 from our 2012 Single Audit report. The semi-annual reports were due as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th><u>Grant Year</u></th> <th><u>Semi-annual Period Ended</u></th> <th><u>Due Date</u></th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>March 31, 2012</td> <td>May 16, 2012</td> </tr> <tr> <td>2012</td> <td>September 30, 2012</td> <td>November 15, 2012</td> </tr> <tr> <td>2012</td> <td>September 30, 2013 (final report)</td> <td>December 31, 2013</td> </tr> <tr> <td>2013</td> <td>March 31, 2013</td> <td>May 16, 2013</td> </tr> </tbody> </table>	<u>Grant Year</u>	<u>Semi-annual Period Ended</u>	<u>Due Date</u>	2012	March 31, 2012	May 16, 2012	2012	September 30, 2012	November 15, 2012	2012	September 30, 2013 (final report)	December 31, 2013	2013	March 31, 2013	May 16, 2013	<p>financial reports are submitted accurately and timely.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p>ARS Discussion</p> <p>This finding is largely a restatement of findings already listed in this report. All federal reports related to this finding's overstated amount of \$2,364,300 have been addressed as follows:</p> <ul style="list-style-type: none"> • \$797,751 of expenditures of cost centers related to the expenditures of other Federal programs • \$235,346 of unallowable payments of unused leave for employees • (\$149,448) of a miscalculation made by the agency to reduce payroll expenditures for employees of other programs <p>The errors contained in the federal reporting were identified and corrected during training and review of all federal grant reports during this audit period. Federal report training for a new supervisor was ongoing during the time of this error. This initial training has been completed, and training updates will continue. The affected report has been corrected. At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.</p> <ul style="list-style-type: none"> • \$1,480,651 of unallowable indirect costs allocated to the grant <p>There has been no determination by either the Department of Education Indirect Cost Group or Rehabilitation Services Administration that any of the indirect costs referenced in this report are "unallowable". The method and processes used to calculate these costs were in keeping with current indirect cost calculation procedures and those used in prior year calculations submitted to the Cost Group for approval. The agency acknowledges that the cost rate proposal for the year in question was not submitted on time during a period when there was no CFO in place. Personnel turnover and associated training requirements during the audit period also contributed to the delayed submission. This proposal has been submitted along with all proper documentation, and receipt acknowledged by the Department of Education Indirect Cost Group. Once approved, any affected reports will be corrected to the approved rate.</p> <p>Lastly, the audit report states that several reports were not in a submitted status when reviewed. This was due to ongoing review and corrections of these reports, including</p>
<u>Grant Year</u>	<u>Semi-annual Period Ended</u>	<u>Due Date</u>														
2012	March 31, 2012	May 16, 2012														
2012	September 30, 2012	November 15, 2012														
2012	September 30, 2013 (final report)	December 31, 2013														
2013	March 31, 2013	May 16, 2013														

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The Agency continued to reopen reports subsequent to the due dates to correct the expenditure information submitted in the original report. It is not uncommon for an agency to reopen a submitted report in order to correct discovered errors, and this practice is acceptable when done timely. Typically, reports are reopened, corrected, and resubmitted within a few days. Two reports were reopened and remained open for a significant period of time as the Agency continued to make adjustments to the original submission as follows:

- The report representing the 2012 grant for the period ended March 31, 2012, was initially submitted on May 16, 2012. The report was reopened for adjustments and resubmitted on November 14, 2012. In addition, subsequent to the resubmission in November 2012, this report was reopened again on June 11, 2013, and remained open for adjustments for 70 days until its final submission on August 20, 2013, 461 days after the due date of May 16, 2012.
- The report representing the 2012 grant for the period ended September 30, 2012, was initially submitted on November 16, 2012, one day past the due date. However, the report was reopened on June 11, 2013, and remained open for adjustments for 44 days until it was resubmitted on July 25, 2013, 252 days after the due date of November 15, 2012.

The Agency's lack of adequate internal controls over reporting resulted in a net overstatement of expenditures by \$2,364,300 on the SF-425 for the period ended March 31, 2013. The net overstatement is a cumulative effect of the following errors:

- As noted in finding 13-520-01, expenditures totaling \$797,751 were expenditures of other federal programs.
- As noted in finding 13-520-02, unallowable indirect costs totaling \$1,480,651 were allocated to the grant.
- As noted in finding 13-520-04, expenditures for general administration totaling \$235,346 were charged as a direct cost of the program instead of being allocated as required.
- A miscalculation totaling (\$149,448), reduced payroll expenditures for employees coding their time to multiple federal programs.

Questioned Costs:
None

Recommendations

corrections needed to grant amounts figures that are the responsibility of RSA themselves. For the record, all federal reports for the period under review were submitted on time. Consistent with general federal reporting procedures, federal reports that were identified during review and training as requiring correction were requested to be re-opened for submission. Submitting accurate reports was deemed an overriding consideration. The entire federal reporting process allows for these types of requests in instances where incorrect data was used, or as sometimes occurs, the treatment of certain expenditures is changed based on end of year financial reviews. Again accurate reports are always a priority.

ARS Action Taken

All affected reports have been corrected. At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.

Anticipated Completion Date: Complete

Contact Person:

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Additional Comments From The Auditor:

Expenditures representing VR grant activity may span two fiscal years. As a result, corrections to the report representing the 2013 VR grant award may fall outside the time period covered in this audit. However, the report representing the 2012 VR grant award has been submitted and closed without correction of the errors identified in this finding.

Clarification should be given to the Agency's assertion that this finding represents a restatement of other findings already included in this report. The errors we identified in findings 13-520-01, 13-520-02, and 13-520-04 affected two other compliance requirements:

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Cause:

Agency employees responsible for preparing the reports were not adequately trained regarding reporting requirements, and the Agency did not have procedures in place to ensure that reports were properly reviewed for accuracy and completeness.

Effect:

Failure to submit required reports timely and accurately could jeopardize future awards.

U.S. Department of Education (Continued)

Finding Number: 13-520-09
State/Educational Agency(s): Arkansas Department of Career Education -
Arkansas Rehabilitation Services
CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational
Rehabilitation
Grants to States
Federal Award Number(s): H126A110003; H126A120003
Federal Award Year(s): 2011 and 2012
Compliance Requirement(s) Affected: Reporting
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

RSA Policy Directive RSA-PD-09-04 and 34 CFR § 361.40 require an agency to submit Annual Vocational Rehabilitation Program/Cost Reports (RSA-2 reports) to the U.S. Department of Education - Rehabilitation Services Administration (USDOE - RSA). Requirements for the RSA-2 include submission of yearly reports no later than December 31 for the federal fiscal year ended September 30.

In addition, in accordance with 2 CFR § 215.21, a federal awarding agency requires an agency's financial management system to provide accurate, current, and complete disclosure of the financial results of each federally-sponsored program.

Recommendations

affected the Reporting compliance requirement, which is the requirement addressed in this finding.

We also disagree with the Agency's assertion that the \$1,480,651 charged as indirect costs is allowable. On August 21, 2013, the U.S. Department of Education's (USDOE) Director of Indirect Cost Group confirmed that an ICRP had not been received from the Agency since October 2011. In addition, the Director confirmed that the Agency did not have a rate in place for the 2013 fiscal year and should not have collected and claimed indirect costs on its SF-425 reports. On February 12, 2014, USDOE confirmed that the Agency had submitted an ICRP, but a rate had not been authorized. Until a rate is authorized by USDOE, indirect costs collected and claimed are unallowable.

Recommendation:

We recommend the Agency strengthen internal controls and procedures to ensure that reports are submitted accurately and that adequate supporting documentation is maintained.

Views of Responsible Officials and Planned Corrective Action:

The RSA-2 is a compilation of data contained in both the System 7 case management software database and the AASIS accounting system. In order to accurately complete the report, a methodic and systematic extraction of the information must occur and be transferred to the federal database. Because all data necessary to construct the report resides within System 7 and AASIS, documentation exists, is perpetually maintained therein, and can be reconstructed at anytime. In this instance, the data provided on the RSA-2 was found to be accurate and timely by RSA and thus was verifiable. However, at the time of examination the working papers were not attached to the controlling document.

ARS Action Taken

The agency's accounting supervisor has received specific training and instruction concerning the maintenance of all reporting documents.

Contact Person:

Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services

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Also, as stated in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition and Context:

Our review of the RSA-2 report revealed that although the Agency submitted the RSA-2 timely, the Agency did not maintain adequate supporting documentation for the information reported on the RSA-2. As a result, we were unable to assess the accuracy of the report.

Questioned Costs:

Unknown

Cause:

The Agency did not have adequate internal control procedures in place to ensure that reports were properly prepared and reviewed and that adequate supporting documentation was maintained.

Effect:

Inaccurate reporting and noncompliance with program requirements could jeopardize future awards.

Recommendations

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Employment Summary

	Male	Female	Total	%
White Employees	108	198	306	66 %
Black Employees	44	111	155	33 %
Other Racial Minorities	2	4	6	1 %
Total Minorities			161	34 %
Total Employees			467	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
AKDC Annual Report	Act 450 of 1971	Y	Y	75	Annual report providing results of Arkansas Kidney Disease services.	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
 Fiscal Year 2016
 Required by A.C.A. 25-36-104

AGENCY: 0520 CAREER EDUCATION-AR REHABILITATION SERVICES

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Carson & Associates Inc.	\$4,107,065	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>1</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$6,360,439</u>
% OF MINORITY CONTRACTS AWARDED	<u>64.57 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
128 Rehab Services - Operations	52,743,343	503	58,772,851	530	59,494,552	530	59,019,128	530	63,042,620	527	62,963,237	527	59,042,151	530	63,540,643	527	63,461,259	527
1VB Increase Capabilities Access Network	30,245	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0
374 Statewide Disability Telecomm	257,695	2	338,000	0	472,070	0	338,000	0	577,019	3	577,019	3	338,000	0	530,019	3	530,019	3
743 People w/Disabilities	25,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0
902 Tech Equipment - Treasury	344,033	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0
903 Rehab Services - Treasury Pay	36,013	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0
M89 Promise Grant	0	0	385,000	7	0	0	0	0	380,680	7	380,680	7	0	0	380,680	7	380,680	7
Total	53,436,329	505	62,282,941	537	62,753,712	530	62,144,218	530	66,787,409	537	66,708,026	537	62,167,241	530	67,238,432	537	67,159,048	537

Funding Sources		%		%		%		%		%		%		%		%			
Fund Balance	4000005	1,995,275	3.6	1,929,540	2.9			3,717,374	5.7	3,717,374	5.4	3,717,374	5.4	2,623,211	4.2	2,384,192	3.5	2,433,575	3.6
General Revenue	4000010	12,294,007	22.2	13,261,785	20.1			13,261,785	20.5	13,261,785	19.2	13,261,785	19.2	13,261,785	21.0	13,261,785	19.6	13,261,785	19.5
Federal Revenue	4000020	40,209,641	72.6	49,053,362	74.3			44,799,870	69.2	49,204,042	71.2	49,204,042	71.2	44,324,870	70.2	49,204,042	72.6	49,204,042	72.5
Special Revenue	4000030	624,542	1.1	595,000	0.9			595,000	0.9	595,000	0.9	595,000	0.9	595,000	0.9	595,000	0.9	595,000	0.9
Cash Fund	4000045	175,644	0.3	1,160,628	1.8			2,363,400	3.7	2,363,400	3.4	2,363,400	3.4	2,363,400	3.7	2,363,400	3.5	2,363,400	3.5
DFA Motor Vehicle Acquisition	4000184	64,586	0.1	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Interest	4000300	182	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	1,992	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		55,365,869	100.0	66,000,315	100.0			64,737,429	100.0	69,141,601	100.0	69,141,601	100.0	63,168,266	100.0	67,808,419	100.0	67,857,802	100.0
Excess Appropriation/(Funding)		(1,929,540)		(3,717,374)				(2,593,211)		(2,354,192)		(2,433,575)		(1,001,025)		(569,987)		(698,754)	
Grand Total		53,436,329		62,282,941				62,144,218		66,787,409		66,708,026		62,167,241		67,238,432		67,159,048	

Variance in fund balance due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
530	473	57	530	0	10.75 %	530	472	58	530	0	10.94 %	530	468	69	537	-7	11.70 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Analysis of Budget Request

Appropriation: 128 - Rehab Services - Operations

Funding Sources: PER - Educational Rehabilitation Pay - Admin

The Office of Rehabilitation Services (ARS) carries out its responsibilities through a field program that reaches all 75 counties from 19 field offices across the state. They also operate the Hot Springs Rehabilitation Center (HSRC), a comprehensive, state-owned rehabilitation facility - one of only nine in the country and the only one in the country west of the Mississippi River. The center is comprised of a medical unit providing traumatic care and comprehensive physical and occupational therapy. ARS also includes the Arkansas Career Training Institute (ACTI), which provides vocational training and support in a number of training programs. Funding for this appropriation is a combination of general revenue, federal funding, and program income. Federal funds account for approximately 75% of the total funding.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries do not include Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Base Level is \$59,019,128 in FY16 and \$59,042,151 in FY17.

The Agency requests a Change Level, for appropriation only, of \$4,023,492 in FY16, and \$4,498,492 in FY17 as follows:

- Net Regular Salaries and Personal Services Matching of \$111,516 each year, consisting of an increase in Regular Salaries and Personal Services Matching of \$254,535 for reclassification of twelve (12) positions and a decrease in Regular Salaries and Personal Services Matching of (\$143,019) due to a transfer of three (3) positions to the Statewide Disability Telecommunications Equipment Program (374); and Extra Help and Personal Services Matching of \$86,976 each year.
- Capital Outlay of \$1,100,000 in each year for improvement of client service centers throughout the State.
- Contract Services of \$2,000,000 in each year to allow the Agency the ability to provide services to more citizens throughout the state.
- Project Search of \$725,000 in FY16 and \$1,200,000 in FY17 to expand the program partnership with the University of Arkansas for Medical Sciences, adding additional sites in each year to serve more citizens.

The Executive Recommendation provides for the Agency Request with the exception of various reclassifications.

Appropriation Summary

Appropriation: 128 - Rehab Services - Operations
Funding Sources: PER - Educational Rehabilitation Pay - Admin

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	17,455,058	19,526,233	20,222,652	19,671,253	19,772,433	19,711,813	19,689,025	19,790,205	19,729,585
#Positions	503	530	530	530	527	527	530	527	527
Extra Help 5010001	171,195	172,000	172,000	172,000	252,000	252,000	172,000	252,000	252,000
#Extra Help	16	19	19	19	19	19	19	19	19
Personal Services Matching 5010003	6,473,660	7,445,710	7,470,992	7,546,967	7,564,279	7,545,516	7,552,218	7,569,530	7,550,766
Extra Salaries 5010008	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Operating Expenses 5020002	7,288,599	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380
Conference & Travel Expenses 5050009	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506
Professional Fees 5060010	454,383	882,029	882,029	882,029	882,029	882,029	882,029	882,029	882,029
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	729,180	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Capital Outlay 5120011	532,151	0	0	0	1,100,000	1,100,000	0	1,100,000	1,100,000
Contract Services 5900043	18,830,960	18,941,993	18,941,993	18,941,993	20,941,993	20,941,993	18,941,993	20,941,993	20,941,993
Data Processing Services 5900044	35,084	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Arkansas Kidney Disease Commis 5900046	617,567	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
Project Search 5900047	0	0	0	0	725,000	725,000	0	1,200,000	1,200,000
Total	52,743,343	58,772,851	59,494,552	59,019,128	63,042,620	62,963,237	59,042,151	63,540,643	63,461,259
Funding Sources									
Fund Balance 4000005	505,173	301,811		3,080,417	3,080,417	3,080,417	1,774,254	1,774,254	1,823,637
General Revenue 4000010	12,294,007	13,261,785		13,261,785	13,261,785	13,261,785	13,261,785	13,261,785	13,261,785
Federal Revenue 4000020	40,179,396	48,289,672		44,421,180	48,444,672	48,444,672	43,946,180	48,444,672	48,444,672
DFA Motor Vehicle Acquisition 4000184	64,586	0		0	0	0	0	0	0
M & R Sales 4000340	1,992	0		0	0	0	0	0	0
Total Funding	53,045,154	61,853,268		60,763,382	64,786,874	64,786,874	58,982,219	63,480,711	63,530,094
Excess Appropriation/(Funding)	(301,811)	(3,080,417)		(1,744,254)	(1,744,254)	(1,823,637)	59,932	59,932	(68,835)
Grand Total	52,743,343	58,772,851		59,019,128	63,042,620	62,963,237	59,042,151	63,540,643	63,461,259

Change Level by Appropriation

Appropriation: 128 - Rehab Services - Operations
Funding Sources: PER - Educational Rehabilitation Pay - Admin

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	59,019,128	530	59,019,128	100.0	59,042,151	530	59,042,151	100.0
C01	Existing Program	2,811,976	0	61,831,104	104.8	3,286,976	0	62,329,127	105.6
C02	New Program	1,100,000	0	62,931,104	106.6	1,100,000	0	63,429,127	107.4
C07	Agency Transfer	(143,019)	(3)	62,788,085	106.4	(143,019)	(3)	63,286,108	107.2
C10	Reclass	254,535	0	63,042,620	106.8	254,535	0	63,540,643	107.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	59,015,574	530	59,015,574	100.0	59,038,596	530	59,038,596	100.0
C01	Existing Program	2,811,976	0	61,827,550	104.8	3,286,976	0	62,325,572	105.6
C02	New Program	1,100,000	0	62,927,550	106.6	1,100,000	0	63,425,572	107.4
C07	Agency Transfer	(143,019)	(3)	62,784,531	106.4	(143,019)	(3)	63,282,553	107.2
C10	Reclass	178,706	0	62,963,237	106.7	178,706	0	63,461,259	107.5

Justification

C01	Arkansas Project SEARCH® Expansion Request Proposed Appropriation Request: \$725,000 for FY 2015-2016; \$1,200,000 for FY 2016-2017. This program appropriation request would support finding sustainable, competitive employment for Arkansas citizens with developmental disabilities, without the need for additional agency general revenue funding. Through its UAMS Project SEARCH® program partnership, ARS and ACCESS have demonstrated a successful on-the-job vocational training model to achieve meaningful employment for individuals with disabilities. The organizations' leaders seek to expand the existing site and to establish five additional sites across the state, implemented in gradual phases, with the program serving 91 citizens per year by Year 4, and 351 total by Year 5. In addition to producing 91 employment-ready citizens who have disabilities per year by Year 5, the Arkansas Project SEARCH® proposal will create 26 additional jobs through program staff placements in six Arkansas communities by Year 5. ARS Vocational Rehabilitation Program Appropriation Request Proposed Appropriation Increase Request: \$2,000,000 in each year. This program appropriation request would support providing more citizens of Arkansas with disabilities the opportunity for meaningful, quality employment. Rehabilitation Service Administration continually monitors how the agency provides services to our clients with disabilities. In 2011, RSA strongly recommended that the agency no longer use the Order of Selection process which mandates that the agency will only serve clients with the most significant disabilities. Removing this process requires that the agency serve clients with non-significant disabilities as well as significant disabilities, greatly increasing our client base. Additionally, RSA recommended that the agency provide more services to transitional age students. The transitional age is 16 through 23. In order to adequately serve this population, an appropriation increase is needed for quality client services. Proposed Extra- Help and Matching Appropriation Increase Request: \$86,976 in each year. This program appropriation request would allow for additional Extra Help support to address program needs.
C02	Capital Outlay Proposed Appropriation Increase Request: \$1,100,000 in each year. This program appropriation request would support acquisition and improvement of additional client service centers throughout the state.
C07	Transfer of 3 positions from this appropriation to the Telecommunications Assistance Program, Fund Center 374, to better align with program needs.
C10	Salary and Matching Proposed Appropriation Request: \$254,535 in each year for reclassification of multiple positions to better align available positions with Agency needs.

Analysis of Budget Request

Appropriation: 1VB - Increase Capabilities Access Network

Funding Sources: PER - Educational Rehabilitation Pay - Admin

Increasing Capabilities Access Network (ICAN), a federally funded program of Arkansas Rehabilitation Services, is designed to make technology available and accessible for all who need it. ICAN is a funding information resource and provides information on new and existing technology free to any person regardless of age or disability.

ICAN supports several service programs that target different areas of need for assistive technology. Specific strategies assist individuals in locating and/or receiving assistive devices or services. ICAN maintains an equipment AT4ALL database which lists hundreds of items available for loan, demonstration, or giveaway.

ICAN sponsors many training events, conferences and networking events year-round. ICAN is committed to researching all funding sources and overcome obstacles that prevent people from receiving needed technology. ICAN keeps current on the newest advances in technology and provides information to anyone requesting assistance.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1VB - Increase Capabilities Access Network
Funding Sources: PER - Educational Rehabilitation Pay - Admin

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	23,235	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500
Conference & Travel Expenses	5050009	7,010	7,190	7,190	7,190	7,190	7,190	7,190	7,190	7,190
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		30,245	298,690	298,690	298,690	298,690	298,690	298,690	298,690	298,690
Funding Sources										
Federal Revenue	4000020	30,245	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Total Funding		30,245	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		30,245	298,690		298,690	298,690	298,690	298,690	298,690	298,690

Analysis of Budget Request

Appropriation: 374 - Statewide Disability Telecomm

Funding Sources: STC - Telecommunications Equipment

The Statewide Disability Telecommunications Equipment Program is authorized to provide telecommunication devices for persons who are deaf, hard of hearing, blind, or speech impaired. Funding is provided through the Arkansas Public Service Commission, which is authorized to increase existing local exchange carrier tariffs, surcharges, or other funding mechanisms.

The Base Level is \$338,000 in each year.

The Agency requests a Change Level of \$239,019 in FY16 and \$192,019 in FY17 as follows:

- Salaries and Personal Services Matching of \$143,019 each year for transfer of three (3) positions from Rehabilitation Services - Operations (128).
- Operating Expenses of \$16,000 each year for travel related costs for additional outreach opportunities and to train customers.
- Conference and Travel Expenses of \$3,000 each year for staff to attend conferences on new technologies.
- Professional Fees of \$47,000 in FY16 for the transition from a paper-based client services file system to an electronic database system.
- Grants and Aid of \$30,000 each year for program expansion and increase distribution, targeting specific disability groups.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 374 - Statewide Disability Telecomm
Funding Sources: STC - Telecommunications Equipment

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	85,869	0	100,153	0	102,549	102,549	0	102,549	102,549
#Positions	2	0	0	0	3	3	0	3	3
Personal Services Matching 5010003	26,741	0	33,917	0	40,470	40,470	0	40,470	40,470
Operating Expenses 5020002	26,973	54,000	54,000	54,000	70,000	70,000	54,000	70,000	70,000
Conference & Travel Expenses 5050009	3,671	4,000	4,000	4,000	7,000	7,000	4,000	7,000	7,000
Professional Fees 5060010	44	5,000	5,000	5,000	52,000	52,000	5,000	5,000	5,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	114,397	275,000	275,000	275,000	305,000	305,000	275,000	305,000	305,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	257,695	338,000	472,070	338,000	577,019	577,019	338,000	530,019	530,019
Funding Sources									
Fund Balance 4000005	36,438	390,946		602,946	602,946	602,946	814,946	575,927	575,927
Special Revenue 4000030	612,203	550,000		550,000	550,000	550,000	550,000	550,000	550,000
Total Funding	648,641	940,946		1,152,946	1,152,946	1,152,946	1,364,946	1,125,927	1,125,927
Excess Appropriation/(Funding)	(390,946)	(602,946)		(814,946)	(575,927)	(575,927)	(1,026,946)	(595,908)	(595,908)
Grand Total	257,695	338,000		338,000	577,019	577,019	338,000	530,019	530,019

Change Level by Appropriation

Appropriation: 374 - Statewide Disability Telecomm
Funding Sources: STC - Telecommunications Equipment

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	338,000	0	338,000	100.0	338,000	0	338,000	100.0
C01	Existing Program	49,000	0	387,000	114.5	49,000	0	387,000	114.5
C07	Agency Transfer	143,019	3	530,019	156.8	143,019	3	530,019	156.8
C08	Technology	47,000	0	577,019	170.7	0	0	530,019	156.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	338,000	0	338,000	100.0	338,000	0	338,000	100.0
C01	Existing Program	49,000	0	387,000	114.5	49,000	0	387,000	114.5
C07	Agency Transfer	143,019	3	530,019	156.8	143,019	3	530,019	156.8
C08	Technology	47,000	0	577,019	170.7	0	0	530,019	156.8

Justification

C01	Proposed Appropriation Increase Requests: \$49,000 for FY 2015-2016; \$49,000 for FY 2016-2017. These program appropriation requests would adjust the TAP budget appropriation to increase and promote client services. Additional revenues were derived from a 1 cent surcharge increase on land and cell phone lines effective July 1st, 2013.
C07	Transfer of three positions that were authorized in this appropriation in previous bienniums. Funding for these positions are from additional revenues derived from a 1 cent surcharge increase on land and cell phone lines effective July 1, 2013.
C08	Proposed Appropriation Increase Request: \$47,000 for FY 2015-2016. This program appropriation request would adjust the TAP budget appropriation to support the transition from a paper based client services/vendor file system to an electronic database system. This technology driven solution is addressed on page 17 of our Agency Information Technology plan. Additional revenues to support this request were derived from a 1 cent surcharge increase on land and cell phone lines effective July 1st, 2013.

Analysis of Budget Request

Appropriation: 743 - People w/Disabilities

Funding Sources: SPD - People with Disabilities

The Governor's Commission on People with Disabilities provides scholarships to students with disabilities. Under A.C.A. §27-15-305(c)(1), revenue is provided from thirty percent (30%) of parking violation fines and fees from illegally parking in handicapped parking spaces.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 743 - People w/Disabilities

Funding Sources: SPD - People with Disabilities

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	25,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		25,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Funding Sources										
Fund Balance	4000005	40,954	28,293		28,293	28,293	28,293	28,293	28,293	28,293
Special Revenue	4000030	12,339	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Total Funding		53,293	73,293		73,293	73,293	73,293	73,293	73,293	73,293
Excess Appropriation/(Funding)		(28,293)	(28,293)		(28,293)	(28,293)	(28,293)	(28,293)	(28,293)	(28,293)
Grand Total		25,000	45,000		45,000	45,000	45,000	45,000	45,000	45,000

Analysis of Budget Request

Appropriation: 902 - Tech Equipment - Treasury

Funding Sources: NRS - Cash in Treasury

The purpose of this program is to provide loans to individuals with disabilities for essential assistive technology, adaptive equipment, and for loan administration by the Office of Rehabilitation Services. The principal amount was transferred from the original treasury loan fund. Additional funding is earned from interest on the loans.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 902 - Tech Equipment - Treasury

Funding Sources: NRS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	344,033	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total		344,033	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Funding Sources										
Fund Balance	4000005	1,371,161	1,202,772		0	0	0	0	0	0
Cash Fund	4000045	175,644	377,228		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total Funding		1,546,805	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Excess Appropriation/(Funding)		(1,202,772)	0		0	0	0	0	0	0
Grand Total		344,033	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000

Analysis of Budget Request

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

The Rehabilitation Cash Fund receives revenue from various sources including cafeteria fees, contributions, reimbursements, hospital medical fees, interest income, and institutional services. This revenue is defined as program income and governed by Vocational Rehabilitation Program regulations.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	26,104	741,400	741,400	741,400	741,400	741,400	741,400	741,400	741,400
Conference & Travel Expenses	5050009	9,909	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	0	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		36,013	863,400	863,400	863,400	863,400	863,400	863,400	863,400	863,400
Funding Sources										
Fund Balance	4000005	41,549	5,718		5,718	5,718	5,718	5,718	5,718	5,718
Federal Revenue	4000020	0	80,000		80,000	80,000	80,000	80,000	80,000	80,000
Cash Fund	4000045	0	783,400		783,400	783,400	783,400	783,400	783,400	783,400
Interest	4000300	182	0		0	0	0	0	0	0
Total Funding		41,731	869,118		869,118	869,118	869,118	869,118	869,118	869,118
Excess Appropriation/(Funding)		(5,718)	(5,718)		(5,718)	(5,718)	(5,718)	(5,718)	(5,718)	(5,718)
Grand Total		36,013	863,400		863,400	863,400	863,400	863,400	863,400	863,400

Analysis of Budget Request

Appropriation: M89 - Promise Grant

Funding Sources: FER - Promise Grant

This appropriation was established through the authority of the Miscellaneous Federal Program Act; and Arkansas is one of five states participating in the five-year PROMISE (Promoting Readiness of Minors in Supplemental Security Income) Initiative grant awarded by the U.S. Department of Education. The purpose of the PROMISE grant is for each state to establish and operate model demonstration projects designed to improve the education and employment outcomes of child Supplemental Security Income (SSI) recipients and their families.

The Agency requests a Change Level of \$380,680 each year as follows:

- Regular Salaries and Personal Services Matching of \$345,680 for seven (7) Certified Vocational Rehabilitation Counselors that will serve program participants.
- Conference and Travel Expenses of \$35,000 for administering services to program participants.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M89 - Promise Grant

Funding Sources: FER - Promise Grant

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	252,878	0	0	248,878	248,878	0	248,878	248,878
#Positions	0	7	0	0	7	7	0	7	7
Personal Services Matching 5010003	0	97,122	0	0	96,802	96,802	0	96,802	96,802
Operating Expenses 5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	35,000	0	0	35,000	35,000	0	35,000	35,000
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	385,000	0	0	380,680	380,680	0	380,680	380,680
Funding Sources									
Federal Revenue 4000020	0	385,000		0	380,680	380,680	0	380,680	380,680
Total Funding	0	385,000		0	380,680	380,680	0	380,680	380,680
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	385,000		0	380,680	380,680	0	380,680	380,680

Appropriation was established through the authority of the Miscellaneous Federal Program Act.

Change Level by Appropriation

Appropriation: M89 - Promise Grant
Funding Sources: FER - Promise Grant

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	35,000	0	35,000	100.0	35,000	0	35,000	100.0
C06	Restore Position/Approp	345,680	7	380,680	1,087.7	345,680	7	380,680	1,087.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	35,000	0	35,000	100.0	35,000	0	35,000	100.0
C06	Restore Position/Approp	345,680	7	380,680	1,087.7	345,680	7	380,680	1,087.7

Justification

C01	Appropriation request to continue a previously approved Miscellaneous Federal Grant request providing salaries, personal services match, and travel costs to implement AR Promise.
C06	Appropriation request to continue a previously approved Miscellaneous Federal Grant request providing salaries, personal services match, and travel costs to implement AR Promise.