



**Office of Inspector General
University of South Florida**

Project # A-1718DOE-017

November 2018

Executive Summary

In accordance with the Department of Education’s fiscal year (FY) 2017-18 audit plan, the Office of Inspector General (OIG) conducted an audit of Contract #16-109 between the Division of Vocational Rehabilitation (DVR) and the University of South Florida (USF). The purpose of the audit was to assess the adequacy of the department’s management of the contract and ensure USF adhered to contractual terms.

During the audit we found that, in general, USF had sufficient controls in place, and DVR provided oversight of the grants. However, we noted instances where USF and DVR could make improvements to strengthen some of these controls. For example, we cited instances where DVR paid USF for unmet deliverables; DVR did not conduct required monitoring; USF did not submit the quarterly reports timely; and USF did not update the status of each customer in RIMS timely. The Audit Results section below provides details of the instances noted during our audit.

Scope, Objectives, and Methodology

The scope of this audit included an examination of Contract #16-109 between DVR and USF from July 1, 2016, to June 30, 2018. We established the following objectives for our audit:

1. Determining if USF is providing rehabilitation services to DVR clients in accordance with contract terms and applicable laws;
2. Determining if DVR effectively manages and monitors the contract for compliance; and
3. Determining if payments and expenditures are made in accordance with contract terms and applicable laws.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; interviewed DVR and USF staff; reviewed policies, procedures, and related documentation; reviewed Contract #16-109; reviewed quarterly reports and related documents; and reviewed a sample of expenditures and deliverables.

Background

The Florida Vocational Rehabilitation Program is a federal/state program that works with people who have physical or mental disabilities to prepare for, gain, or retain meaningful employment. The program is authorized by the federal Rehabilitation Act of 1973, as amended through 1998 (Act¹), and Chapter 413, Part II, Florida Statutes. The program is funded by the U.S. Department of Education, Rehabilitation Services Administration (RSA) by nearly a 4:1 ratio, or 78.7% federal dollars to 21.3% state general revenue.

Federal funding for the state program is contingent upon adherence to the State Plan approved by RSA. The State Plan is the Division of Vocational Rehabilitation's contract with the federal government explaining how DVR helps people with disabilities find employment. The State Plan requires DVR to provide services throughout the state.

The Florida Department of Education, DVR, and the University of South Florida (USF) Board of Trustees entered into contract #16-109 for the period of July 1, 2015, through June 30, 2018. Contract #16-109 is a fixed price/cost reimbursement contract not to exceed \$4,932,390.00 for the three-year term. DVR pays USF a fixed price of \$392,282.50 per quarter based on a year-to-date budget reconciliation. In addition, DVR will reimburse USF for travel expenses. The annual budget for the contract totals \$1,644,130.00. USF receives the funding from DVR to provide and improve rehabilitation services for DVR customers. The services should provide technological solutions to problems confronted by individuals with disabilities and enable them to achieve employment goals or enhance their independence. The solutions include rehabilitative engineering, assistive technology devices, and assistive technology services.

Audit Results

Finding 1: DVR paid USF for unmet deliverables.

Contract #16-109 includes deliverable requirements USF must achieve in order to receive payment. We reviewed the contract deliverables and supporting documentation for three sampled quarters: Quarter (Q) 1 2016-2017, Q4 2016-2017, and Q2 2017-2018.

Recommendations:

Per Contract #16-109, "The Contractor shall submit a minimum of 213 formal recommendations quarterly, in a report format to the respective VRC, identifying specific barriers and solutions, potential vendors, and appropriate justification for cost effectiveness and application. 90% of all recommendations shall be provided within 45 calendar days from the date of evaluation. An exception to allow 60 business days is permitted in the case an extended evaluation is required. A written explanation or justification will be provided to the Counselor. The Contractor shall submit the appropriate RIMS¹ reports with the quarterly invoice."

¹ Rehabilitation Information Management System (RIMS)

Per Contract #16-109, Table 2 Liquidated Damages (2), “The contractor shall complete a minimum 90% of all recommendations within 45 calendar days. Should the Contractor fail to complete the number required, the Contractor’s invoice for the quarter will be reduced for each recommendation not meeting the requirement.”

Per the Q2 2017-2018 report, USF provided 231 recommendations, which exceeded the quarterly requirement of 213, and provided 95% of the reports within 45 days. Utilizing the Q2 RIMS report, we determined USF provided only 195 of the 231 (84%) recommendations within 45 calendar days. USF reported in their Q2 report that nine customers required an extended evaluation and provided emails supporting extended evaluations for seven of the nine reported customers. However, USF did not inform DVR of the extensions through written correspondence as required in the contract. In addition, five of the seven documented recommendations placed in extended evaluation exceeded the 60 business day timeframe. Including the two extended evaluations provided within 60 business days, we determined USF provided 197 of the 231 (85%) reports within the contractually required timeframe.

We inquired as to the difference in percentages from the manual calculation of the RIMS report to the percentages contained in the Q2 report and determined USF calculated percentages based on business days instead of the contractually mandated calendar days. Utilizing business days, the RIMS report indicated USF provided 211 of the 231 (91%) recommendations within 45 business days. Adding the nine customers placed in extended evaluation we arrived at the numbers that USF reported showing 220 of the 231 (95%) recommendations were provided within the incorrect 45 business day timeframe.

It should be noted that the contract deliverable references calendar days and business days within the same deliverable, which could have led to some of the confusion and reporting delays. We additionally determined the DVR contract manager was not reviewing the submitted number of recommendations and the calculation of the percentages. Per the contract manager, the monitoring would require manual calculation, which allowed for errors, and instead accepted the percentage reported by USF. Due to the lack of monitoring, DVR did not identify the miscalculations and therefore did not reduce the quarterly invoice as allowed by the contract.

Inspections:

Per Contract #16-109, “The Contractor shall coordinate delivery and/or implementation of approved recommendations, verify compliance with specifications, and conduct inspections. All home and vehicle modifications must be inspected. Other services may be inspected if requested by the VRC². The Contractor shall ensure that services provided by registered vendors are appropriately delivered and/or implemented by conducting at least 75 inspections quarterly (300 inspections annually.) 90% of all inspections shall be conducted within 21 calendar days after completion of the rehabilitation technology service. The Contractor shall provide the names of the customers, dates of implementation, and a summary of the inspections with the quarterly invoice”

² Vocational Rehabilitation Counselor (VRC)

Per Contract #16-109, Table 2 Liquidated Damages (2), “The contractor shall complete a minimum 90% of all inspections within twenty-one (21) calendar days after completion of the rehabilitation service. Should the Contractor fail to complete the number required, the Contractor’s invoice for the quarter will be reduced for each recommendation not meeting the requirement.”

We reviewed the inspections USF reported for Q1 2016-2017, Q4 2016-2017, and Q2 2017-2018. We noted the reports only included the customer name, type of service, and the date USF closed the case after inspection. Per USF, the vendors inform them when they are getting close to completing a home or vehicle modification and then they schedule the inspection. The date of completion entered in RIMS is the date USF signs off on the final inspection. After the inspection is completed, USF sends the completed inspection forms to the DVR counselor. Currently, RIMS does not capture the date the vendor completes the service nor the date USF conducted inspections. Without documentation of the inspections, the date the vendor completed services, and the date USF conducted inspections the contract manager is unable to ensure the inspections occurred and USF conducted the inspections within 21 days after completion of the service, as required by the contract.

Recommendation

We recommend DVR ensure USF accomplished the deliverables through review of quarterly reports and supporting documentation prior to payment. We recommend DVR ensure the percentages reported by USF are accurate. In the event USF does not achieve a deliverable, we recommend DVR enforce the penalties defined in the contract.

We additionally recommend DVR capture all relevant inspection requirements in a DVR information management system so the contract managers can accurately determine deliverable achievements. Until DVR can add the reporting requirements to the system, we recommend DVR manually review the deliverables reported by USF to ensure compliance.

We recommend USF accurately calculate deliverable percentages and ensure all deliverables are achieved in accordance with contract terms. We recommend USF provide written explanations or justifications to the DVR counselors of all customers placed in extended evaluations. We additionally recommend USF submit the vendor service completion date, inspection date, and inspection documents to DVR with the quarterly invoices.

DVR Management Response

Concur. DVR will ensure that percentages reported by USF are accurate by pulling the RIMS reports (VRTR041CTD and VRTR043A) and calculating the percentages with an excel formula. DVR will request that USF manually track all inspections made within each quarter, and submit a log with each quarterly invoices. DVR will request that USF maintain the Final Inspection Memorandums and Customer Acceptance Forms as evidence of completion.

USF Management Response

Concur with recommendation to more accurately report client data. Disagree that DVR paid for unmet deliverables. On an annual basis, USF has consistently exceeded all performance standards. For customers placed in Extended Evaluation status, the assigned engineer will email the VRC and copy the Associate Director. This information will be included in quarterly reports submitted to DVR. USF will work with DVR to obtain RIMS reports as Excel Spreadsheets so calculations can be done accurately. USF will submit all inspection related documentation with each quarterly report. USF will work with DVR to have a file sharing system to streamline this process.

OIG Response

Notwithstanding USF management's assertion that they met or exceeded all performance requirements on an annual basis, the OIG stands by the finding as described above. Per Contract #16-109, E.2 a) Liquidated Damages, "The Contractor shall meet the **quarterly** and annual performance standards outlined in Section C.3, Table 1-Deliverables. The DVR Contract Manager will monitor the Contractor's performance on a quarterly basis. Failure by the Contractor to meet the established minimum performance standards may result in DVR, in its sole discretion, finding the Contractor to be out of compliance. Table 2 Liquidated Damages states, "2. The contractor shall complete a minimum 90% of all recommendations within 45 calendar days. Should the Contractor fail to complete the number required, the Contractor's invoice **for the quarter** will be reduced for each recommendation not meeting the requirement." We determined USF only provided 85% of the recommendations for quarter 2 2017-2018 in a timely manner, and DVR did not enforce the penalty. Therefore, DVR paid USF for unmet deliverables.

Finding 2: DVR did not conduct required monitoring.

Per Contract #16-109, "DVR will monitor the Contractor's activities to assure compliance with applicable Federal requirements as they relate to the administration of the state plan and other requirements for vocational rehabilitation services and that contract performance goals are being achieved. The contract manager will monitor the contractor via desk monitoring and/or site visits and issue a formal report. The report will state any issues and concerns noted, including any corrective action plan necessary."

Contract #16-109 Section 5, Monitoring, states,

- a) "The provision of all services included in the Contract will be monitored through routine reporting through RIMS.
- b) VR will conduct a minimum of one (1) desktop monitoring each year of the Contract in order to verify Contractor compliance.
- c) VR may also conduct periodic on-site monitoring visits during the Contract period to verify Contractor compliance."

Per the DVR contract manager, DVR typically conducts a site visit in October of each year. However, DVR conducted the last site visit approximately three years ago. The contract manager also stated there was no formal desktop monitoring other than the normal invoice monitoring, and DVR has not issued a formal monitoring report to USF in the last three years.

The contract manager provided a deliverables tracking spreadsheet. The tracking spreadsheet reflected the number of deliverables and percentages reported by USF. However, the contract manager did not verify percentages reported by USF, as the deliverables and percentages were not captured in RIMS and would require manual checking. By not properly monitoring in accordance with contract terms, DVR is unable to ensure deliverable achievement and compliance by USF.

We additionally noted DVR has contracted with USF since October 1, 2007, for rehabilitation services and has not rebid the contract since that time. Per section 287.057(3) (e) F.S. “The following contractual services and commodities are not subject to the competitive-solicitation requirements of this section: 6. Services provided to persons with mental or physical disabilities by not-for-profit corporations that have obtained exemptions under s. 501(c) (3) of the United States Internal Revenue Code or when such services are governed by Office of Management and Budget Circular A-122. However, in acquiring such services, the agency shall consider the ability of the vendor, past performance, willingness to meet time requirements, and price.”

Although the contract is exempt from procurement requirements, it would be in the best interest of DVR to ensure the department is receiving the services needed at the best price. We inquired as to whether DVR has conducted a cost benefit analysis of the contract or analyzed how DVR benefits from the research conducted by USF. Per DVR staff, DVR has not conducted a cost benefit analysis on the contract.

Recommendation

We recommend that DVR conduct desktop monitoring each year of the contract to verify contractor compliance and issue a final report with a corrective action plan, if necessary. We additionally recommend DVR conduct a cost benefit analysis on the contract to ensure DVR is obtaining services as efficiently and effectively as possible and to determine if they should rebid the contract in the future.

DVR Management Response

Concur. DVR will conduct desktop monitoring each year of the contract. DVR intends to issue a Request for Information to determine the feasibility of competitively procuring these services. If determined feasible, DVR will issue a formal competitive solicitation.

Finding 3: USF did not submit the quarterly reports timely.

Per Contract #16-109, “The Contractor shall submit quarterly budget reconciliations for the year-to-date period to the DVR Contract Manager no later than thirty (30) days after the end of each

quarter. The Contractor shall provide the RIMS report, VRTR041CTD, along with a summary of the report, and VRTR043A detailing performance of contract deliverables to include service delivery (documenting evaluations, recommendations, and inspections); training and awareness; vendor recommendations; and research and development. The Contractor shall ensure the VRTR041CTD and summary report and VRTR043A are submitted with the quarterly invoice no later than thirty (30) days after the end of each quarter.”

We reviewed invoices and supporting documentation submitted by USF for Q1 2016-2017, Q2 2017-2018 and Q4 2016-2017. We determined USF submitted all three sampled invoices after the 30-day deadline.

- Q1 July- Sept 2016: USF submitted the quarterly report on 11/14/16, 15 days after the due date. DVR subsequently requested additional information on 11/17/16. DVR approved the final invoice on 1/18/17.
- Q4 April – June 2017: USF submitted the quarterly report on 8/29/17, 30 days after the due date. DVR subsequently requested additional information on 9/13/17. DVR approved the final invoice on 9/15/17; and
- Q2 October – December 2017: USF submitted the quarterly report on 2/6/18, 7 days after the due date. DVR subsequently requested additional information on 2/20/18 for the inspections and lack of travel. DVR approved the final invoice on 3/13/18.

Untimely submission of quarterly reports can cause delays in processing the invoices and delayed payments to USF. This could additionally lead to delays in services to DVR customers.

Recommendation

We recommend USF submit the quarterly invoices no later than 30 days after the end of each quarter in accordance with contract terms.

USF Management Response

Concur. USF will review and develop internal controls to ensure invoices are submitted within 30 days. The last quarter invoice for the contract year requires additional time. USF will work with DVR to address this.

Finding 4: USF did not update the status of each customer in RIMS timely.

Per Contract #16-109, “The Contractor shall update the status of each customer in RIMS within seven (7) business days of the respective action.”

DVR provided a RIMS report, which indicated DVR referred 1,753 customers to USF between July 1, 2015, and April 11, 2018. We randomly selected 50 of the 1,753 customers and reviewed their case notes and status updates in RIMS. The 50 selected customers had 226 updates. We determined that USF updated 20 of the 226 actions (9%) after the seven-day window, ranging from eight to 210 business days after the respective action.

Per USF, the engineer assigned the case receives an alert in RIMS when the VR Counselor authorizes the vendor to perform the work. USF then updates the case status. Per USF, in some cases they did not receive the alerts due to staff turnover. In other cases where services were performed that did not require an inspection, DVR did not notify USF. In these situations, counselors contacted USF at a later date in order to close the case, and upon notification, USF updated the status in RIMS.

Untimely updates to the status of the customers in RIMS could lead to the customers not receiving the services needed, could cause RIMS data to inaccurately reflect the current status of the clients, and could hinder the ability of DVR to effectively monitor the achievement of deliverables.

Recommendation

We recommend USF update the status of each customer in RIMS within seven business days after the respective action. We recommend DVR review this requirement and determine whether the DVR counselor or USF staff should be responsible for updating the status of the customers.

DVR Management Response

Concur. DVR has reviewed this requirement and has determined that USF staff should be responsible for updating the status of the customers.

USF Management Response

Concur that updates to Implementation Status was not done timely. Implementation status updates require USF staff to receive an alert in order to update. All other updates are initiated by USF staff and are done within 7 days. USF will work with DVR to determine if the update for this status can be linked to an authorization or be done by DVR staff.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the Division of Vocational Rehabilitation and staff, as well as the University of South Florida, for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Clint Albritton and supervised by Tiffany Hurst, CIA, Audit Director.

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