

# **DEPARTMENT OF EDUCATION**

**Office of Special Education and  
Rehabilitative Services**

**Rehabilitation Services Administration**



**Manual for Program Reviews of the Alternative  
Financing Program under the Assistive  
Technology Act of 1998 and the Access to  
Telework Program under the Rehabilitation Act  
of 1973, as Amended**

**Version 1.1**

**November 1, 2008**

## **A. Background**

Title III of the *Assistive Technology Act of 1998* (AT Act of 1998) authorized competitive grants for the establishment, maintenance, or expansion of alternative financing programs (AFPs) to public agencies in the 50 states and the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Marianas (states). Using this authority from 2000 through 2006, the U.S. Department of Education (Department) provided grants to 33 states to support AFPs. These 33 AFPs feature one or more alternative financing mechanisms that provide loans to enable individuals with disabilities and their family members, guardians, advocates, and authorized representatives to purchase assistive technology (AT) devices and services.

Section 303(b) of the *Rehabilitation Act of 1973, as amended* (Rehab Act), authorizes competitive grants for special demonstrations. When Congress provided \$20 million to support telework programs in 2002, the Rehabilitation Services Administration (RSA) used the special demonstration authority to provide grants to 19 states to support Access to Telework (Telework) in 2003. The Notice of Final Priority (NFP) for those grants paralleled the requirements of title III of the AT Act of 1998, so Telework programs also feature one or more alternative financing mechanisms. However, Telework programs provide financial loans so individuals with disabilities can obtain computers and other equipment to work as employees or contractors, or to become self-employed on a full-time or part-time basis.

While neither title III of the AT Act of 1998 nor the special demonstrations authority under the Rehab Act include requirements related to monitoring grant implementation, the Department's *Handbook for the Discretionary Grant Process (Handbook)* requires that RSA monitor active grantees "with a focus on technical assistance, continuous improvement, and attaining promised results" and "to the extent appropriate so as to achieve expected results under approved performance measures, while assuring compliance with grant requirements (Section 5.3.2 of the *Handbook*)." Further, "Systematic and regular monitoring by Department staff of a grantee's activities measures the project quality and progress, including strengths and weaknesses (Section 5.3.3 Monitoring Purpose)."

Though awards for AFPs and Telework programs were one-year grants, both AFP and Telework grantees are required to maintain permanent programs that continue to meet the requirements of title III of the AT Act of 1998 or the NFP under which they were funded. In general, the requirements of title III and the NFP include but are not limited to:

- Provision of match funds.
- Emphasis and expansion of consumer choice and control.
- Implementation of the AFP/Telework program by a community-based organization (CBO) in partnership with a lending institution.
- Administration of grant funds in an appropriate and accountable manner.
- Provision of equitable and timely access to financial assistance.
- Collection and reporting of data.

- Continuation of the AFP/Telework program on a permanent basis.

For a listing of the applicable requirements of title III of the AT Act of 1998 and the Notice of Final Priority, see Appendix A.

In addition to the applicable statutory and regulatory requirements, grantees must follow requirements of the Education Department General Administrative Regulations (EDGAR) and Office of Management and Budget (OMB) Circulars A-21, A-87, and A-122, as applicable.

While AFP/Telework programs have submitted assurances, data, and final reports to RSA, as of fiscal year 2008 no review of AFP/Telework programs had been conducted to assess their compliance with the requirements of title III, the NFP, EDGAR, and OMB Circulars, as applicable. The Program Review process described herein is intended to serve as that assessment.

The Program Review process described in this manual verifies that a grantee is conducting its AFP/Telework program as described in its grant application, is adhering to the assurances provided in its grant application, is managing and implementing its grant using accepted practices and consistent with the intent of title III or the NFP, as applicable, and is accurately reporting data about its grant. This manual is used for both AFPs and Telework programs and both programs will be reviewed concurrently in states where both programs exist.

If an AFP/Telework program received multiple grants, the review is conducted of the AFP/Telework program as a whole. While each grant received is not reviewed individually, information about how each grant factors into the whole of the program will be considered in the review.

The process described herein is effective from November 1, 2008, until further notice. RSA reserves the right to modify the Program Review process, though adequate notice and explanation of changes must be provided by RSA to grantees in a timely manner. Any reviews that already are in progress or have been scheduled at the time of the changes will not be affected by those changes.

## **B. Who Is Reviewed?**

*How are grantees selected for review?*

RSA anticipates reviewing six AFP/Telework programs each year. Many AFP/Telework programs are operated by, or are closely associated with, the entity responsible for implementing the Statewide AT Program funded under section 4 of the *AT Act of 1998, as amended*. Therefore, many AFP/Telework programs are included as part of a Statewide AT Program's State Plan for AT. If this is the case, when the Statewide AT Program is selected for review, the AFP/Telework program also is selected for review by default. RSA conducts program reviews of Statewide AT Programs and AFP/Telework programs concurrently, though the review protocols for the Statewide AT Program and AFP/Telework programs differ. AFP/Telework programs not included in a State Plan for AT that cannot be selected by default are chosen at random. To the extent possible, RSA selects as many AFP/Telework programs at random as are selected by default.

There are exceptions to the selection process described above:

- If a selected AFP/Telework program makes significant changes to operations, such as changing a CBO or lending partner, RSA recognizes the need for the grantee to adjust to those changes and randomly selects a different grantee.
- If a disaster occurs in the State that affects the operations of the selected AFP/Telework program, a different grantee is randomly selected.
- If information about an AFP/Telework program leads RSA to believe that an immediate review is necessary, RSA reserves the right to review that grantee outside the random selection process.
  - If a grantee is selected for the above reason, and the AFP/Telework program is claimed as part of the Statewide AT Program's state plan, the Statewide AT Program is reviewed as well.
  - RSA will inform the grantee that is has been selected for the above reason, but will not inform other grantees or the third-party reviewers (see below).

*Who participates in the review?*

1. RSA staff.
2. (a) In a State where the title III AFP/Telework program is **claimed** in the Statewide AT Program's State Plan as a state financing activity:
  - All Lead Agency and CBO personnel being paid using grant funds must participate in the review in some capacity, with the exception of the Certifying Representative unless the Certifying Representative also is the Program Director. However, RSA strongly encourages the Certifying Representative to participate.

- The individual with the Statewide AT Program responsible for overseeing the AFP/Telework program whether it is direct oversight or oversight of a subcontract, if that individual is not covered in the above bullet.
- RSA strongly encourages a representative of the lending partner to participate, though participation may be limited to germane portions of the review.
- The Lead Agency is the subject of the review and the assessment of compliance. Any corrective actions (see “What Is the Result of a Review?”) are applied to the Lead Agency. The CBO also is subject to any corrective action plans based on its contract with the Lead Agency.

(b) In a State where the title III AFP/Telework program is **not claimed** by the Statewide AT Program as a state financing activity:

- All Lead Agency and CBO personnel being paid using grant funds must participate in the review in some capacity, with the exception of the Certifying Representative unless the Certifying Representative also is the Program Director. However, RSA strongly encourages the Certifying Representative to participate.
  - If there are no Lead Agency personnel being paid using grant funds, the individual at the Lead Agency charged with responsibility for overseeing the grant must participate.
- RSA strongly encourages a representative of the lending partner to participate, though participation may be limited to germane portions of the review.
- The Lead Agency is the subject of review and the assessment of compliance. Any corrective actions (see “What Is the Result of a Review?”) are applied to the Lead Agency. The CBO also is subject to any corrective action plans based on its contract with the Lead Agency.

#### 4. Third-party Reviewers

- For each review, a “team” of no less than three third-party reviewers participates.<sup>1</sup> Team members are selected from a standing pool of volunteers who agree to serve on an as-needed basis.
- Third-party reviewers are current directors of AFP/Telework programs or others whose duties are similar to those of a director. RSA also may ask former directors to volunteer if the number of current directors who volunteer to serve in the standing pool is insufficient.

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<sup>1</sup> The third-party reviewers are involved in selected aspects of the review. These are delineated throughout this manual.

- A director of an AFP/Telework program that has been subject to Program Review and deemed as failing to substantially comply cannot serve as third-party reviewer until all corrective actions have been completed.<sup>2</sup>
- Those who agree to be third-party reviewers are trained by RSA and can be called upon throughout the year to participate in Program Reviews. Team members negotiate with RSA to participate in reviews subject to their availability, and the timing of reviews is influenced by availability of third-party reviewers.
- Though the same team does not participate in every review, an effort is made to include at least one reviewer with prior experience on every team.<sup>3</sup>
- Team members are compensated for their participation.
- Though the identities of the team members are known to the grantee during the review, final comments and conclusions are not attributed to individuals.
- Staff from providers of technical assistance or data collection and reporting assistance do not serve as third-party reviewers or observers.

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<sup>2</sup> This determination may not be possible until several cycles of reviews have been conducted.

<sup>3</sup> This is not possible for the first review conducted.

## **C. When Do Reviews Take Place?**

*When will RSA start reviewing grantees?*

The first cycle of program reviews is scheduled to begin in spring 2009 and continues through September 30, 2009. All subsequent cycles of program reviews are consistent with the Federal fiscal year of October 1 through September 30.

*When will a program know it has been selected for review?*

With the exception of the initial year, RSA informs a grantee during the summer of the preceding cycle that it is to be reviewed in the next cycle (i.e., a grantee due to be reviewed during the October 2010 through September 2011 cycle would be informed in summer 2010). RSA individually will contact grantees that have been selected for review. After the selected grantees have been informed, RSA will inform all grantees about the selections for that review cycle.

*How long do reviews take?*

Once the grantee is informed of the upcoming review, RSA and the grantee negotiate a mutually agreeable nine-week period within the annual cycle and RSA seeks third-party reviewers who are available. Nine weeks is the maximum expected (see below for more detail), but the period may be shorter depending on the efficiency of the grantee, RSA, and third-party reviewers. Those involved in the review must be available on an intermittent basis during the scheduled nine weeks. Additional time on the part of the grantee may be necessary if the grantee chooses to respond to the results of the review.

Because of this advance notice, activities such as document preparation are not included in the nine-week timeline. The grantee prepares the documents necessary for the review in the period between notification and the start of the agreed-upon nine weeks. The issuance of the final report on the program review also may occur outside the nine-week timeline.

The table below shows a timeline of the average program review. Each of the activities shown in the table is explained in more detail in the following sections of this manual.

### Timeline of Program Review

Time	Activities	Who is Involved
<b>Prior to Nine-Week Review Period</b>		
Summer of previous cycle	Notify grantee it is to be reviewed in the next cycle (meaning the following October 1 through September 30).	RSA
Between notification date and commencement of the next cycle	Grantee and RSA hold a planning meeting and negotiate the nine-week period to hold program review.	RSA Grantee
Period between informing grantee and official start of nine-week review period	(1) Grantee prepares and submits documents one month prior to start of the agreed-upon nine-week cycle. Grantee begins preparing for teleconferences or webinars. (2) RSA assigns third-party reviewers.	RSA Grantee
<b>Nine-Week Review Period</b>		
Weeks 1-2	(1) RSA and third-party reviewers read documents. (2) Grantee continues preparing for teleconference or webinar presentations. (3) RSA hosts conference call with grantee to discuss documents (if necessary).	RSA Grantee Third-party reviewers
Weeks 3-4	Teleconference or webinar presentations by grantee take place.	RSA Grantee Third-party reviewers
Weeks 5-6	(1) Third-party reviewers complete written review forms. (2) Third-party reviewers and RSA meet via conference call. (3) Third-party reviewers finalize written review forms and submit to RSA.	RSA Third-party reviewers
Weeks 7-9	(1) RSA writes draft program review report. (2) RSA discusses draft report with grantee.	RSA Grantee
<b>Following the Nine-Week Review Period</b>		
Up to a month	RSA drafts final report and shares it with the grantee.	RSA
Two weeks from receipt of final report	The grantee may provide a response to the final report.	Grantee
Up to a month	RSA seeks internal approval of report and posts final report on the Department website.	RSA



## **D. Where Is a Review Conducted?**

RSA does not conduct on-site reviews unless it determines that a review cannot be conducted remotely. The typical review will take place using teleconferences or webinars. The grantee may request that RSA conduct an on-site visit to discuss the draft Program Review report, however (see “What Is the Result of a Review?”).

## **E. How Is a Review Conducted?**

A Program Review starts by gathering documents and data from the AFP/Telework program selected for review. When the review begins, copies of relevant documents<sup>4</sup> and data are provided to RSA and the third-party review team. Some of the documents are only for informational purposes to provide context for the review, other documents are the subject of review (for more information see “What Is Reviewed?”). Grantees should note in section 304(b)(2) of the AT Act of 1998 and in the NFP that a contract with a CBO shall “include any provision the Secretary requires concerning oversight and evaluation necessary to protect Federal financial interests,” and 34 CFR 80.42(e) provides RSA the “right of access to any pertinent books, documents, papers, or other records of grantees.”

After the documents are read, the grantee, RSA, and the third-party review team participate in teleconferences or webinars. The number and length of teleconferences or webinars is negotiated between the grantee and the review team. The webinars or teleconferences allow for discussion and questions and answers. In essence, the teleconferences or webinars are a “virtual site visit.”

The grantee determines who presents on the teleconferences or webinars, but participation of key personnel as described in “Who Is Reviewed?” is expected. During webinars/teleconferences, the grantee presents the attributes of its AFP/Telework program, using any audio-visual material<sup>5</sup> it deems necessary to provide a complete description of its operations, policies, and procedures. The onus is on the grantee to understand the information that needs to be conveyed and prepare thorough presentations.

After reviewing documents and data and participating in teleconference or webinar discussions, third-party reviewers and RSA answer a series of questions about the AFP/Telework program with evidence to substantiate their answers. The answers to these questions are recorded on a review form. A copy of the review form is included in this document as Appendix B and explained in “What Is Reviewed?” The responses to the questions on the review form determine the extent of a grantee’s compliance (see “What Is the Result of a Review?”).

After independently completing their forms, third-party reviewers meet via teleconference with RSA as a group to discuss findings and recommendations. Following this discussion, the third-party reviewers make final revisions to their written review forms and submit them to RSA. While the final decision about the extent of the grantee’s compliance is made by RSA, the input from the third-party reviewers will be taken into account. A single final report highlights findings and recommendations for both AFP and Telework programs, if applicable.

For information about the final report and what happens after the final report is issued, see “What Is the Result of a Review?”

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<sup>4</sup> Documents must be available in accessible formats.

<sup>5</sup> Grantees must provide this information in accessible formats upon request.

## **F. What Is Reviewed?**

A Program Review assesses two “Core Components” of a grant: Program Management and Program Performance. These components consist of a number of “Elements” that are reviewed through documents, data, and discussion with the grantee.

### **Procedures for Reviewing Core Component I: Program Management**

The review of Program Management verifies that a grant is managed effectively and appropriately in accordance with title III, the NFP, EDGAR, and OMB Circulars, as applicable. This includes assessing the extent to which the grantee appropriately exercises: *fiscal management*, *contract oversight*, and *personnel management*.

#### **Review of Program Management: Activities**

##### **1. Document Preparation and Submission**

- The review begins by gathering documents and data from the AFP/Telework program. Most of the documents and data already exist, but some documents need to be created by the grantee in order to verify information previously provided, such as assurances in the grant application. The documents are described below.
- Documents can be submitted either electronically or in hard copy, as negotiated between the grantee and RSA. The documents and data are described below and a timeline for submission is described in “When Do Reviews Take Place?”
- The grantee’s application, data from the most recently completed reporting period, and final reports for all grants are always a part of the Program Review.
- As previously stated, grantees are required to provide relevant information to RSA in order to assist with program reviews, and 34 CFR 80.42(e) grants RSA access to a grantee’s records.

##### **2. Document Review and Discussion (as applicable)**

- Once submitted, the documents and data are reviewed by RSA staff. RSA may complete the review of program management on the basis of documents and data alone if the information is deemed sufficient.
- RSA arranges a conference call with the grantee to discuss any issues if the documentation is insufficient or raises questions. The grantee may request a conference call with RSA about program management documents even if RSA does not request a conference call.

##### **3. Completion of Review Forms**

- RSA responds in writing to a series of questions about the AFP/Telework program after completing the document review and any discussion. The answers to these questions are recorded on a review form. The responses to the questions

on the review form determine the extent of a grantee's compliance. A copy of the written review form is included in this document as Appendix B.

Through the submitted documents and discussion, it is the grantee's responsibility to provide the quantity and quality of information necessary for RSA to respond to the review forms accurately. It is RSA's responsibility to ask appropriate questions, where the documents alone are insufficient.

#### Review of Program Management: Elements and Related Documents/Data

##### ***Element 1: Fiscal Management***

As part of its AFP/Telework grant application, the grantee submitted the following assurances to RSA:

- A. The State will provide the non-Federal share (not less than 25 percent<sup>6</sup> for AFP or not less than 10 percent for Telework) of the cost of the AFP or Telework program, respectively, in cash from State, local, or private sources. The grantee identified (1) the amount of Federal funds the State is requesting, (2) the amount of cash that the State will provide as a match, and (3) the source of the cash (Section 303(b)(1) of the AT Act of 1998 and the Notice of Final Priority).
- B. The funds made available through the grant to support the AFP/Telework program will be used to supplement and not supplant other Federal, State, and local public funds expended to provide alternative financing mechanisms (Section 303(b)(4) and the NFP).
- C. The State will ensure that –
  - (1) All funds that support the AFP/Telework program, including funds repaid during the life of the program, will be placed in a permanent separate account;
  - (2) Those funds will be identified and accounted for separately from any other fund;
  - (3) If the organization administering the program invests funds within this account, the organization will invest the funds in low-risk securities in which a regulated insurance company may invest under the law of the State;
  - (4) The organization will administer the funds with the same judgment and care that a person of prudence, discretion, and intelligence would exercise in the management of the financial affairs of that person (Section 303(b)(5) and the NFP); and
  - (5) During the first 12-month budget period, a grantee must deposit its matching funds and its Federal award in the permanent separate account.

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<sup>6</sup> The non-Federal match was not less than 50 percent for those programs that received AFP grant awards during the first round of funding in FY 2000.

D. The State will ensure that –

- (1) Funds comprised of the principal and interest from the Permanent Separate Account will be available to support the AFP/Telework program; and
- (2) Any interest or investment income that accrues on or derives from those funds after the funds have been placed under the control of the organization administering the AFP/Telework program, but before the funds are distributed for purposes of supporting the program, will be the property of the organization administering the program (Section 303(b)(6) and the NFP).

In addition, EDGAR requires that the grantee:

- Use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds (34 CFR 75.702);
- Keep records that fully show the amount of funds under the grant, how the grantee uses the funds, the total cost of the project, the share of that cost provided from other sources, and other records to facilitate an effective audit (34 CFR 75.730); and
- Have fiscal control and accounting procedures sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes (34 CFR 80.20(a)(2)).

RSA reviews (A)-(F) below to verify that the grantee exercises appropriate fiscal management in accordance with its assurances and EDGAR:

(A) Expenditure Report

**Both** the Lead Agency and CBO separately submit to RSA copies of their expenditure reports for both AFP and Telework programs, as applicable, from the most recent fiscal year for which obligation and liquidation is complete. This does not mean the same expenditure report is provided twice – once by the Lead Agency and once by the CBO. One report shows the expenditures of the Lead Agency to administer the grant,<sup>7</sup> while the other report shows the expenditures of the CBO to implement the loan program. The expenditure reports should:

- Be understandable (i.e., reports should not use jargon or codes exclusive to the grantee's accounting system);
- Show the use of all Federal and State matching funds for that fiscal year (i.e., if the grant award was for \$600,000 and the State match was \$200,000, then all \$800,000 must be shown) as well as income from interest, investments, loan repayments, and other sources;

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<sup>7</sup> If the Lead Agency did not expend any funds for the AFP/Telework program, it can provide a written statement to that effect.

- Separate the amount of funds used for administration of the AFP/Telework program from the amount used for loans and other program purposes; and
- Show the amount of funds used for indirect costs.

(B) Proof of Fiscal Management Assurances

In order to verify that the assurances submitted in its application for an AFP/Telework grant award have been met and continue to be met, the Lead Agency submits to RSA a narrative that describes the following:

- The sources and amounts of match provided for all grants for the AFP/Telework program; and
- The Lead Agency's and CBO's internal controls that ensure funds made available through the grant comprised of principal and interest from the permanent separate account: (a) support only AFP/Telework program activities and (b) supplement and do not supplant other Federal, State, and local public funds expended to provide alternative financing mechanisms.

(C) Indirect Cost Rate or Cost Allocation Plan

As part of its AFP/Telework grant application, the grantee submitted (1) an assurance that the percentage of the funds made available through the grant that is used for indirect costs will not exceed 10 percent of the amount of funds in the permanent and separate account and any outstanding loans from that account (Section 303(b)(7) and the NFP); and (2) that for each 12-month budget period, the grantee would recalculate its allowable indirect cost rate.

If a grantee uses indirect costs, adherence to the 10% limitation on indirect costs will be verified through the expenditure report.

EDGAR requires that grantees:

- Have a current indirect cost rate agreement to charge indirect costs to a grant (34 CFR 75.560(b)); and
- Use a restricted indirect cost rate under programs that have a statutory requirement prohibiting the use of Federal funds to supplant non-Federal funds<sup>8</sup> (34 CFR 75.563).

To verify that the grantee meets other indirect cost or cost allocation requirements of EDGAR and OMB Circulars, the Lead Agency submits to RSA its current indirect cost rate agreement or cost allocation plan as approved by its cognizant Federal agency. RSA recommends that the grantee be prepared to discuss how it applies the 10% limitation and

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<sup>8</sup> This requirement can be found in Section 303(b)(4) of the AT Act of 1998 and in the Notice of Final Priority.

restricted indirect cost requirements to its approved rate or plan. The Lead Agency also should be prepared to discuss how it handles the indirect costs of its subcontracted CBO.

(D) ED-524B

Grantees submitted a final ED-524B form to RSA for each Federal award. When conducting a Program Review, RSA reviews the grantee's ED-524B for the fiscal year for which the grantee received the award. Because RSA requested grantees to submit a final ED 524B for all grant awards dating back to FY 2003, the grantee will not be required to submit these forms again.

(E) Payment System Records

All transactions related to a grant, such as a drawdown of funds, request for an extension, and de-obligation of un-liquidated funds, are recorded in an electronic payment system. When conducting a Program Review, RSA reviews the grantee's payment system data for each award. RSA has direct access to this information without a submission from the grantee.

(F) Audits

According to 34 CFR 80.26, grantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Audits are required to be performed by independent accountants in accordance with generally accepted government financial auditing standards covering financial audits. The current audit threshold requires all non-Federal entities (States, local governments, and non-profit organizations) that expend \$500,000 or more from all sources of Federal funds in a fiscal year to have an audit conducted in accordance with Circular A-133.

To verify that the audit requirements of EDGAR and OMB Circulars have been met, the grantee has two options:

- (a) Both the Lead Agency and CBO can submit to RSA either (i) copies of most recent audit reports or (ii) an explanation of why an audit has not been conducted. If an internal audit of some kind has been performed, copies of these reports should also be provided; or
- (b) The Lead Agency can complete the questionnaire shown in Appendix E. The certifying representative of the Lead Agency signs and submits the questionnaire to RSA.

***Element 2: Contract Oversight***

As part of its grant application, the grantee submitted an assurance that within the first 12 month-budget period, the State would enter into a contract with a CBO, which may include a group of CBOs, that has individuals with disabilities involved in organizational

decision-making at all organizational levels, to administer the AFP/Telework program. The contract must –

- (A) Include a provision requiring that the program funds, including the Federal and non-Federal shares of the cost of program, be administered in a manner consistent with the provisions of title III or the NFP, as applicable;
- (B) Include any provision the Secretary requires concerning oversight and evaluation necessary to protect Federal financial interests; and
- (C) Require the CBO to enter into a contract during the first 12-month budget period, to expand opportunities under title III or the NFP, as applicable, and facilitate administration of the AFP/Telework program, with commercial lending institutions or organizations or State financing agencies (Section 304(a) and (b) and the NFP).

According to EDGAR, an entity awarding a subcontract must:

- Directly administer or supervise the administration of each project (34 CFR 75.701);
- Keep records to show its compliance with program requirements (34 CFR 75.731);
- Use records to determine progress in accomplishing project objectives and revise those objectives, if necessary (34 CFR 75.732(b)); and
- Monitor grant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved (34 CFR 80.40(a)).

To determine the extent to which the grantee exercises appropriate contract oversight in accordance with EDGAR and title III or the NFP, as applicable, the Lead Agency must submit to RSA a dated copy of its most recent contract with the CBO.

### ***Element 3: Personnel Management***

OMB Circulars A-21, A-87, and A-122, as applicable, contain requirements that –

- Compensation to personnel be reasonable for the services rendered;
- Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, are based on payrolls documented in accordance with generally accepted practice of the entity and approved by a responsible official(s) of the entity;
- Charges for salaries and wages of employees who work solely on a single Federal award or cost objective are supported by periodic certifications that the employees worked solely on that program for the period covered by the certification; and
- Charges for salaries and wages of employees who work on multiple activities or cost objectives are supported by personnel activity reports or equivalent documentation.



RSA reviews the following in order to determine the extent to which the grantee exercises appropriate personnel management in accordance with its State Plan and OMB Circulars -

For all Lead Agency personnel directly charged to the grant:

- (a) The certifications or personnel activity reports required by OMB Circulars, as applicable, for the most recent fiscal year; and
- (b) The position descriptions on record or a synopsis describing the roles and responsibilities associated with the grant.

For all CBO personnel directly charged to the grant: the position descriptions on record or synopses describing the roles and responsibilities associated with the grant. RSA recommends that the Lead Agency be prepared to discuss how it ensures that the time of CBO employees is appropriately charged to the grant.

If key personnel positions currently are open at either the Lead Agency or CBO, the grantee provides the job description on record for the position.

If a grantee at either the Lead Agency or CBO has key staff who are not paid using grant funds, only the position description or synopsis is provided. The grantee should indicate that the employee is paid from another source and identify that source.

#### Review of Program Management: Assessing the Extent of Compliance

After reviewing all of the documents and data described previously, and speaking with the grantee, if necessary, RSA uses the information to answer the following questions about the grantee's program management. These questions are featured in the written review form included as Appendix B. While the review of both AFP and Telework programs, if applicable, will be conducted simultaneously and generate one final report, separate review forms will be used to highlight program differences as well as findings and recommendations. RSA must justify its answers to the questions in writing and the completed written review form is provided to the grantee.

#### *Fiscal Management*

1. Has the grantee obtained its full State matching funds from appropriate sources? If not, does the grantee have a plan for obtaining the remaining match funds?
2. Does the grantee account for grant funds accurately and completely in accordance with EDGAR?
3. Does the grantee use grant funds only for purposes under, and within the limitations of, title III or the NFP, as applicable?
4. Does the grantee comply with indirect cost requirements?

5. Does the grantee comply with audit requirements?

*Contract Oversight*

1. Does the Lead Agency exercise appropriate fiscal and performance oversight of the AFP/Telework program through its contract with the CBO? If not, does the Lead Agency have a plan for improving its oversight?

2. Is the contract structured to meet the requirements and intent of title III or the NFP, as applicable? If not, does the Lead Agency have a plan for changing its contract to make it more consistent with title III or the NFP, as applicable?

*Personnel Management*

1. Does the AFP/Telework program have an appropriate number of staff to implement the grant? If not, does the grantee have a plan for adjusting the number of staff?

2. Do the Lead Agency and CBO distribute the time of their personnel appropriately to implement the grant based on their responsibilities? If not, does the grantee have a plan to distribute time more appropriately?

3. Do the Lead Agency and CBO use grant funds to support only personnel with responsibilities germane to the grant?

The responses that RSA provides for the above questions determine the extent of a grantee's compliance. Depending on the question, the extent of compliance for Program Management may receive one of three ratings:

- Compliant
- In Need of Improvement
- Fails to Substantially Comply

The rating is derived from the responses to the questions in the following manner:

- If the answer to the initial question is "Yes" – the grantee is rated as compliant.
  - If the answer to the initial question is "No" – the rating depends on the answer to the subquestion.
- If the answer to the subquestion is "Yes" – the grantee is rated as in need of improvement.
- If the answer to the subquestion is "No" – the grantee is rated as failing to substantially comply.

Example 1:

Does the AFP/Telework program have an appropriate number of staff to implement the grant? **Yes.**

This activity/requirement is rated as compliant.

Example 2:

Does the AFP/Telework program have an appropriate number of staff to implement the grant? **No.**

If not, does the grantee have a plan for adjusting the number of staff? **Yes.**

This activity/requirement is rated as in need of improvement.

Example 3:

Does the AFP/Telework program have an appropriate number of staff to implement the grant? **No.**

If not, does the grantee have a plan for adjusting the number of staff? **No.**

This activity/requirement is rated as failing to substantially comply.

For several Program Management questions, however, there are only two ratings: compliant and failing to substantially comply. If the final answer to any of these questions is “No,” the grantee is required to work with RSA immediately to correct the issue:

- Does the grantee account for grant funds accurately and completely in accordance with EDGAR?
- Does the grantee use grant funds only for purposes under, and within the limitations of, title III or the NFP, applicable?
- Does the grantee comply with indirect cost requirements?
- Does the grantee comply with audit requirements?
- Does the grantee use grant funds to support only personnel with responsibilities germane to the grant?

RSA does not rate a grantee as failing to substantially comply on the basis of its documents alone and gives the grantee every opportunity to provide additional information. If RSA believes the final answer to any of the questions is “No,” RSA contacts the grantee to gather more information and learn whether the grantee has a plan for improvement. At the conclusion of the Program Review, RSA’s full responses to

Program Management questions are provided to the grantee in addition to the final report, but are not posted on the Department's website.

## **Procedures for Reviewing Core Component II: Program Performance**

The review of Program Performance assesses whether the AFP/Telework program is implementing its grant in accordance with title III or the NFP, as applicable, is reporting data appropriately, and is achieving the results intended by the AT Act. Program Performance is reviewed by RSA with the assistance of third-party reviewers.<sup>9</sup>

### Review of Program Performance: Activities

#### 1. Document Review

- RSA staff and the third-party reviewer team previously described review the grantee's application(s) and data from the most recently completed reporting period,<sup>10</sup> and the documents delineated under "Elements and Related Documents/Data" below.
- Questions about the documents are raised during the teleconferences or webinars described below.

#### 2. Teleconferences or Webinars

- After the third-party review team and RSA read the documents, they participate in teleconferences or webinars with the grantee (the number and length of the teleconferences or webinars is negotiated between the grantee, RSA, and the team). The grantee determines who presents, but participation of key personnel as described in "Who Is Reviewed?" is expected.
- In essence, the teleconference or webinar is a "virtual site visit." During the meeting, the grantee presents its AFP/Telework program and answers questions, using any audio-visual material<sup>11</sup> necessary to provide a thorough description of its operations.

#### 3. Completion of Review Forms

- The third-party review team responds in writing to a series of questions about the AFP/Telework program after completing the document review and attending the webinars/teleconferences. The responses to these questions determine the extent of a grantee's compliance. A copy of the written review form is included in this document as Appendix B. Though RSA participates in the webinars/teleconferences, it does not complete review forms.
- Through the submitted documents and discussion, it is the grantee's responsibility to provide the quantity and quality of information necessary for the third-party

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<sup>9</sup> See "Who is Involved in a Review?" for more information on third-party reviewers.

<sup>10</sup> This will not be possible for the first cycle of reviews.

<sup>11</sup> This information must be available in accessible formats.

reviewers to respond to the questions accurately. It is responsibility of RSA and the third-party reviewers to ask appropriate questions where the documents and presentations alone are insufficient.

## 5. Third-party Review Conference

- After independently completing their forms, third-party reviewers meet with RSA as a group to discuss their findings and recommendations. Following this discussion, the third-party reviewers make final revisions to their written review forms and submit them to RSA.
- See “What Is the Result of a Review?” for information about what RSA does with these written review forms.

### Review of Program Performance: Elements and Related Documents/Data

The elements that comprise the core component of program performance are: *emphasis and expansion of consumer choice and control, timely and equitable access to financial assistance, and capacity to continue on a permanent basis.* The documents and discussion described below are submitted to and reviewed by RSA and the third-party reviewers to assess the extent to which the grantee appropriately implements each element.

#### ***Element 1: Emphasis and Expansion of Consumer Choice and Control***

As part of its AFP/Telework grant application, the grantee submitted (1) an assurance that the AFP/Telework program will expand and emphasize consumer choice and control and (2) information describing the manner in which the AFP/Telework program will expand and emphasize consumer choice and control (Section 303(b)(3) and the NFP).

To verify this assurance, the CBO must submit to RSA a narrative describing how individuals with disabilities are involved in organizational decision-making at all organizational levels to administer the loan program. The grantee also should be prepared to discuss this during the scheduled teleconferences or webinars.

#### ***Element 2: Timely and Equitable Access to Financial Assistance***

As part of its AFP/Telework grant application, the grantee provided an assurance that the State and any CBO that enters into a contract with the State under title III or the NFP, as applicable, would submit to the Secretary the following policies and procedures for administration of the AFP/Telework program within 12 months of the start of the grant:

- (1) A procedure to review and process in a timely manner requests for financial assistance for immediate and potential technology needs, including consideration of methods to reduce paperwork and duplication of effort, particularly relating to need, eligibility, and determination of the specific AT device or service to be financed through the program;

- (2) A policy and procedure to assure that access to the AFP/Telework program must be given to consumers regardless of type of disability, age, income level, location of residence in the State, or type of AT device or AT service for which financing is requested through the program; and
- (3) A procedure to ensure consumer-controlled oversight of the program (Section 305 and the NFP).

RSA and the team review the below documents to determine the extent to which the grantee provides timely and equitable access to financial assistance:

- Policies and Procedures: The CBO submits to RSA a dated copy of its most recent revised and adopted AFP/Telework administrative policies and procedures manual.
- Lender Agreement: The CBO submits to RSA a dated copy of its most recent revised and adopted lender agreement(s).

The grantee should be prepared to describe during the webinar or teleconference how these policies and procedures and agreements assure the review and process of financial loans in a timely manner. This includes describing the flow of an AFP/Telework application from the date of submission to when a loan is approved and disbursed or a denial letter sent. A grantee may provide this analysis in writing in advance of the webinar or teleconference.

The grantee also should be prepared to describe during the webinar or teleconference how these policies and procedures and agreements assure equitable access to the program by individuals with disabilities regardless of type of disability, age, income level, location of residence in the State, or type of assistive technology device or assistive technology service for which financing is requested through the program. A grantee may provide this analysis in writing in advance of the webinar or teleconference.

Additionally, the grantee should be prepared to describe the available services the AFP/Telework program provides to applicants (e.g., consumer counseling, financial literacy education, referrals to the Statewide AT Program, etc.). A grantee may provide this in writing in advance of the webinar or teleconference.

### ***Element 3: Capacity to Continue on a Permanent Basis***

As part of its AFP/Telework grant application, the grantee submitted assurances that:

- (1) The AFP/Telework program will continue on a permanent basis.
- (2) A State's obligation to implement the AFP/Telework program consistent with all of the requirements, including reporting requirements, continues until there are no longer any funds available to operate the AFP/Telework program and all outstanding loans have been repaid.

- (3) If the organization administering the program invests funds within the permanent separate account, the organization will invest the funds in low-risk securities in which a regulated insurance company may invest under the law of the State.
- (4) The organization will administer the funds with the same judgment and care that a person of prudence, discretion, and intelligence would exercise in the management of the financial affairs of such person.
- (5) If a State decides to terminate its AFP while there are still funds available to operate the program, the State must return the Federal share of the funds remaining in the permanent separate account to RSA except for funds being used for grant purposes, such as loan guarantees for outstanding loans.
- (6) Before closing out its grant, the State also must return the Federal share of any principal and interest remitted it on outstanding loans and any other funds remaining in the permanent separate account, such as funds being used as loan guarantees for those loans.

RSA and the team review the below documents to determine the extent to which the grantee demonstrates capacity to continue on a permanent basis:

- Investment Plan: The CBO submits to RSA a dated copy of its investment plan, if applicable, for the AFP/Telework program or narrative describing how the organization invests the loan program funds and a copy of its investment portfolio.
- Sustainability Plan: The CBO submits to RSA a dated copy of the AFP/Telework program's plan for sustainability, if one has been developed. Otherwise, the CBO explains in a narrative how the program will continue on a permanent basis.

In addition to Elements 1-3 above, RSA recommends that grantees come to the teleconferences or webinars prepared to provide an analysis of their data. During a teleconference or webinar, the grantee, RSA, and the third-party reviewers discuss what the grantee's data says about the AFP/Telework program and gives the grantee an opportunity to put its data into context.

The grantee should be prepared to describe (a) its strengths and areas in need of improvement when it comes to data and (b) how it is learning from and using its data. This includes explaining how the strengths of the data and areas in need of improvement result from the program's operations, the composition of the State, or the grantee's data collection infrastructure; or, the admission that the program cannot sufficiently understand or explain its data but has a plan for improving its understanding.

Appendix F contains recommendations for the kinds of analyses a grantee may choose to perform and the kinds of information that may be helpful for the review team to have. A grantee may also choose to provide the analysis of its data in writing as part of the review process.

While the AFP/Telework program's data are not the subject of review, the review team comments on and discusses with the grantee the strengths of and concerns about the data, as well as making overall comments on their review forms. This information is included in the final report.

### Review of Program Performance: Assessing the Extent of Compliance

After reviewing all of the documents and data described previously, and speaking with the grantee, if necessary, the third-party reviewers use the information to answer the following questions about the grantee's program performance. These questions are in the written review form included as Appendix B. The team must justify its answers in writing.

#### *Emphasis and Expansion of Consumer Choice and Control*

1. Is there evidence that individuals with disabilities are involved in the decision-making of the AFP/Telework program at all levels?
  - (a) If not, does the grantee provide justification for the current level of involvement of individuals with disabilities in the administrative decision-making of the loan program?
  - (b) If not, does the grantee have a reasonable plan for improving the involvement of individuals with disabilities in the administrative decision-making of the loan program?
  
2. Is there evidence that the AFP/Telework program emphasizes and expands consumer choice and control?
  - (a) If not, does the grantee provide justification for why the current level of consumer choice and control is appropriate?
  - (b) If not, does the grantee have a reasonable plan for improving its emphasis and expansion of consumer choice and control?

#### *Timely and Equitable Access to Financial Assistance*

1. Is there evidence that the policies and procedures of the AFP/Telework program make it accessible to consumers regardless of type of disability, age, income level, type of AT device, equipment, or service for which financing is requested through the program?
  - (a) If not, does the grantee provide justification for why the program is not accessible to all consumers?
  - (b) If not, does the grantee have a reasonable plan for improving the accessibility of the program?
  
2. Is there evidence that the structure and practices of the AFP/Telework program make it possible to meet the needs of individuals with disabilities in most areas of the State?
  - (a) If not, does the grantee provide justification for why the areas reached in the State are sufficient?



- (b) If not, does the grantee have a reasonable plan for improving their ability to reach consumers in other areas of the State?
3. Is the lender agreement structured to promote the goals of the AFP/Telework program?
- (a) If not, does the grantee provide justification for the structure of the current lender agreement?
- (b) If not, does the grantee have a reasonable plan for improving the lender agreement?

*Capacity to Continue on a Permanent Basis*

1. Does the AFP/Telework program have an investment plan that is implemented and revised regularly?
- (a) If not, does the grantee provide justification for why the program has not implemented an investment plan that is reviewed regularly?
- (b) If not, does the grantee have a reasonable plan for the implementation and regular revision of an investment plan?
2. Does the AFP/Telework program administer its funds with prudence, discretion, and intelligence?
- (a) If not, does the grantee provide justification for why the program administers its funds in the current manner?
- (b) If not, does the grantee have a reasonable plan for improving the administration of program funds?
3. Is the AFP/Telework program implementing appropriate strategies for sustainability?
- (a) If not, does the grantee provide justification for why the program is not implementing appropriate strategies for sustainability?
- (b) If not, does the grantee have a plan for sustainability that could be implemented?

The responses that RSA provides for the above questions determine the extent of a grantee's compliance. Depending on the question, the extent of compliance for Program Performance may receive one of three ratings:

- Compliant
- In Need of Improvement
- Fails to Substantially Comply

The rating is derived from the responses to questions about the program. The responses to the questions are used in the following manner:

- If the answer to the initial question is "Yes" – the grantee is rated as compliant.

- If the answer to the initial question is “No” – the rating depends on the answer to the first subquestion.
- If the answer to the first subquestion is “Yes” – the grantee is rated as compliant.
  - If the answer to the first subquestion is “No” – the rating depends on the answer to the second subquestion.
- If the answer to the second subquestion is “Yes” – the grantee is rated as in need of improvement.
  - If the answer to the second subquestion is “No” – the grantee is rated as failing to substantially comply.

Example 1:

(a) Is there evidence that the structure and practices of the AFP/Telework program make it possible to meet the needs of individuals with disabilities in most areas of the State?

**Yes.**

This activity/requirement is rated as compliant.

Example 2:

(a) Is there evidence that the structure and practices of the AFP/Telework program make it possible to meet the needs of individuals with disabilities in most areas of the State?

**No.**

(i) If not, does the grantee provide justification for why the areas reached by the program in the State currently are sufficient? **Yes.**

This activity/requirement is rated as compliant.

Example 3:

(a) Is there evidence that the structure and practices of the AFP/Telework program make it possible to meet the needs of individuals with disabilities in most areas of the State?

**No.**

(i) If not, does the grantee provide justification for why the areas reached by the program in the State currently are sufficient? **No.**

(ii) If not, does the grantee have a reasonable plan for improving the capacity of the program to reach individuals in more areas of the State? **Yes.**

This activity/requirement is rated as in need of improvement.

Example 4:

(a) Is there evidence that the structure and practices of the AFP/Telework program make it possible to meet the needs of individuals with disabilities in most areas of the State?

**No.**

(i) If not, does the grantee provide justification for why the areas reached by the program in the State currently are sufficient? **No.**

(ii) If not, does the grantee have a reasonable plan for improving the capacity of the program to reach individuals in more areas of the State? **No.**

This activity/requirement is rated as failing to substantially comply.

Part of the purpose of the post-teleconference/webinar discussion is to reach consensus on the answers to questions. If consensus cannot be reached, the majority opinion prevails; if ratings are split among subquestions, RSA makes the final determination. RSA also reserves the right to overrule the determinations of the third-party reviewers even if they reach consensus. The ratings and comments of individual third-party reviewers are not shared with the grantee. They are summarized as part of the final report described in “What Is the Result of a Review?”

## **G. What Is the Result of a Review?**

*What feedback does a grantee receive at the conclusion of the review?*

A grantee does not receive an overall rating of the extent of its compliance because of the complexity of AFPs and Telework programs. Instead, the extent of compliance is rated for each element of the Core Components based on responses of RSA and the Third-party Review Team, as applicable, to the questions previously shown. The final decision about the extent of the grantee's compliance is made by RSA, but the input of the third-party review team is taken into account.

RSA compiles the information provided through documents, data, discussion and the review forms into a Program Review report.<sup>12</sup> The program review of both AFP and Telework grants, if applicable, will be consolidated into this one report that will summarize findings and recommendations in addition to highlighting program differences. Once complete, a draft of this report is provided to the grantee for review and discussion with RSA, via conference call or webinar. RSA may arrange for an on-site discussion at the request of the grantee. The discussion takes place within two weeks of receipt of the draft, unless travel arrangements make this impractical. Following this discussion, RSA makes revisions to the draft report, if appropriate, and has the report approved within the Department of Education (Department).

The report as approved by the Department is provided to the grantee. The grantee reviews the final report and may choose to develop a written response, which is included as an appendix to the final report. The grantee's response must be provided within two weeks of receiving the final report. When the grantee's response is received, or upon notification from the grantee that it declines to provide a response, the final report is posted on the Department's website.

*How are ratings used?*

If an activity or requirement rates as compliant, no further action is necessary.

If an activity or requirement rates as in need of improvement, the grantee is expected to implement the plan for improvement described by the grantee during the program review. The implementation of this plan is not subject to approval of RSA, but progress may be monitored either by RSA or the appropriate technical assistance or data collection assistance provider. If areas in need of improvement do not improve, however, the actions applied under "failing to substantially comply" may be applied.

If an activity or requirement rates as failing to substantially comply, 34 CFR 80.43 says the following:

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<sup>12</sup> An example of a format for this report is included as Appendix C.

“If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State Plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- (1) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency;
- (2) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance;
- (3) Wholly or partly suspend or terminate the current award for the grantee or subgrantee's program;
- (4) Withhold further awards for the program; or
- (5) Take other remedies that may be legally available.”

Prior to taking any such action, however, RSA and the grantee will negotiate a corrective action plan.<sup>13</sup> The grantee has 90 days to develop a corrective action plan that is approved and monitored by RSA. The grantee may develop and implement the corrective action plan with the assistance of RSA’s technical assistance and data collection assistance providers. In some cases, RSA may direct that the grantee obtain assistance from these parties. Further detail about corrective action plans is not included in this manual, as corrective action plans are individualized to the circumstance, including the length of time allowed for its implementation. If the grantee fails to make progress at implementing the corrective action plan, it is subject to the sanctions described above. RSA will develop separate procedures for addressing grantees in need of corrective action.

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<sup>13</sup> If the grantee rates as failing to substantially comply with numerous activities or requirements, then these can be consolidated into a single corrective action plan.

## **H. How Do I Get More Information?**

For more information, contact Robert Groenendaal (202-245-7393 or [Robert.Groenendaal@ed.gov](mailto:Robert.Groenendaal@ed.gov)).

# APPENDIX A

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# Applicable Requirements of Title III and the NFP for AFPs

## TITLE III—ALTERNATIVE FINANCING MECHANISMS

Requirement
<p>SEC. 303. APPLICATIONS AND PROCEEDURES</p> <p>(b) Application—To be eligible to compete for a grant under this title, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—</p>
<p>(1) Assurance that the State will provide the <b>non-Federal share of the cost of the alternative financing program in cash</b>, from State, local, or private sources</p> <p>The September 30, 2003 Notice of Final Priority includes the following:</p> <p>An applicant must identify the amount of Federal funds the State is requesting and the amount of cash that the State is going to generate as a match as well as the source of the cash.</p>
<p>(2) Assurance that the alternative financing program will <b>continue on a permanent basis</b></p> <p>The September 30, 2003 Notice of Final Priority includes the following:</p> <p>A State’s obligation to implement the AFP consistent with all of the requirements, including reporting requirements, continues throughout the project period until there are no longer any funds available to operate the AFP and all outstanding loans have been paid.</p>
<p>(3) Assurance that, and information describing the manner in which, the alternative financing program will <b>expand and emphasize consumer choice and control</b></p>
<p>(4) Assurance that the funds made available through the grant to support the alternative financing program will be used to <b>supplement and not supplant</b> other Federal, State, and local public funds expended to provide alternative financing mechanisms</p>
<p>(5) Assurance that the State will ensure that—</p> <p>(A) All funds that support the alternative financing program, including funds repaid during the life of the program, will be placed in a <b>permanent separate account and identified and accounted for separately from any other fund</b></p>



(B) If the organization administering the program invests funds within this account, the organization will **invest the funds in low-risk securities in which a regulated insurance company may invest under the law of the State**

(C) The **organization will administer the funds** with the same judgment and care that a person of **prudence, discretion, and intelligence** would exercise in the management of the financial affairs of such person

The September 30, 2003 Notice of Final Priority includes the following:

During the first 12-month budget period a grantee must deposit its matching funds and its Federal award funds in the permanent and separate account.

(6) An assurance that—

(A) Funds comprised of the **principal and interest** from the account described in paragraph (5) will be **available to support the alternative financing program**

(B) **Any interest or investment income that accrues** on or derives from such funds after such funds have been placed under control of the organization administering the alternative financing program, but before such funds are distributed for purposes of supporting the program, will be **the property of the organization administering the program**

The September 30, 2003 Notice of Final Priority includes the following:

This assurance regarding the use and control of funds applies to all funds derived from the AFP including the original Federal award, the State matching funds, AFP funds generated by either interest bearing accounts or investments, and all principal and interest paid by borrowers of the AFP who are extended loans from the permanent separate account.

(7) Assurance that the percentage of the funds made available through the grant that is used for **indirect costs shall not exceed 10 percent**

The September 30, 2003 Notice of Final Priority includes the following:

For each 12-month budget period, grantees must recalculate their allowable indirect cost rate, which may not exceed 10 percent of the amount of funds in the permanent and separate account and any outstanding loans from that account.

#### SEC. 304. CONTRACTS WITH COMMUNITY-BASED ORGANIZATIONS

(a) In General—A State that receives a grant under this title shall enter into a **contract with a community-based organization** (including a group of such organizations) that has **individuals with disabilities involved in organizational decision-making** at all organizational levels, **to administer the alternative financing program**

<p>(b) Provisions—The contract shall—</p>
<p>(1) Include a <b>provision requiring that the program funds</b>, including the Federal and non-Federal shares of the cost of the program, be <b>administered in a manner consistent with the provisions of this title</b></p>
<p>(2) <b>Include any provision</b> the Secretary requires concerning <b>oversight and evaluation necessary to protect Federal financial interests</b></p>
<p>(3) Require the <b>community-based organization to enter into a contract</b>, to expand opportunities under this title and facilitate administration of the alternative financing program with—</p> <ul style="list-style-type: none"> <li>(A) Commercial <b>lending institutions</b> or organizations or</li> <li>(B) State <b>financing agencies</b></li> </ul> <p>The September 30, 2003 Notice of Final Priority includes the following:</p> <p>During the first 12-month budget period, a grantee must enter into the contract with a CBO and ensure that the CBO has entered into the contract with the commercial lending institutions or organizations or State financing agencies.</p>
<p>SEC. 305. GRANT ADMINISTRATION REQUIREMENTS</p> <p>A State that receives a grant under this title and any community-based organization that enters into a contract with the State under this title, shall submit to the Secretary, pursuant to a schedule established by the Secretary (or if the Secretary does not establish a schedule, within 12 months after the date that the State receives the grant), each alternative financing program:</p>
<p>(1) A <b>procedure to review and process in a timely manner for financial assistance</b> for immediate and potential technology needs, including consideration of methods to reduce paperwork and duplication of effort, particularly relating to <b>need, eligibility, and determination</b> of the specific assistive technology <b>device or service to be financed through the program</b></p>
<p>(2) A <b>policy and procedure to assure</b> that <b>access</b> to the alternative financing program shall be given to consumers <b>regardless</b> of <b>type of disability, age, income</b> level, <b>location</b> of residence in the State, or <b>type of assistive technology device</b> or assistive technology <b>service</b> for which financing is requested through the program</p>
<p>(3) A <b>procedure to assure consumer-controlled oversight of the program</b></p> <p>The September 30, 2003 Notice of Final Priority includes the following:</p> <p>Grantees must submit the administrative policies and procedures required in this assurance within six months of the start of the grant.</p>

SEC. 307. ANNUAL REPORT

Not later than December 31 of each year, the Secretary shall submit a report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate describing the progress of each alternative financing program funded under this title toward achieving the objectives of this title. The report shall include information on—

(1) The number of grant applications received and approved by the Secretary under this title, and the amount of each grant awarded under this title

(2) The ratio of funds provided by each State for the alternative financing program of the State to funds provided by the Federal Government for the program

(3) The **type of alternative financing mechanisms used** by each State and the **community-based organization** with which each State **entered into a contract**, under the program

(4) The **amount of assistance** given to consumers through the program (who shall be classified by **age**, type of **disability**, **type of assistive technology device** or assistive technology **service financed** through the program, **geographic distribution** within the State, gender, and whether the consumers are part of an **underrepresented population** or **rural population**)

The September 30, 2003 Notice of Final Priority includes the following:

Grantees must enter the data requested in this assurance, and other data the Secretary may require, in the system developed by the Secretary.

# APPENDIX B

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## Review Forms

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Instructions for Third-party Reviewers and RSA for completing Program Review forms:

1. The process of Program Review is subjective. Therefore, it is expected that reviewers take a holistic view of the grantee and its activities within the context presented.
2. The intent of the Program Review is not to identify only areas in need of improvement, nor is it to identify only areas of strength. The intent is to accurately reflect the grantee's extent of compliance with title III or the NFP, as applicable.
3. Your responses to the questions below must be substantiated with an explanation citing evidence.
  - The evidence may come from any of the written material you read during the review or any of the discussion during the teleconference or webinar. If the evidence comes from a document, the ability to cite the page of that document may be helpful during discussion with the review team.
  - The evidence must come from the Program Review alone. You cannot substantiate your responses from your personal knowledge of the grantee or other outside information.
  - Your responses cannot be based on a comparison to other grantees. The extent of a grantee's compliance is compared to the requirements of title III or the NFP, as applicable, not other grantees.
4. Answer each question with either a yes or no.
  - If the question has parts (a) and (b) and you answer "yes" to the initial question, you do not need to answer (a) or (b) of that question.
  - If you answer "no" to any part of a question, you must continue through the sub questions that follow until there either are no more questions or you have answered "yes."
  - If a question has parts (a) and (b), you do not need to provide a justification for every successive answer (i.e., you need only write one explanation rather than two or three). You need only provide justification for your final answer and how you arrived at the response.

### Example 1

Is there evidence that the structure and practices of the AFP/Telework program make it possible to meet the needs of individuals with disabilities in most areas of the State?

If you answer "yes," provide your explanation. If you answer "no," move on to (a).

(a) If not, does the grantee provide justification for why the areas reached by the program in the State currently are sufficient?

If you answer “yes,” provide your explanation. This explanation should cite both why you answered “no” to the first question, and why you are answering “yes” to this question.

If you answer “no,” move on to (b).

(b) If not, does the grantee have a reasonable plan for improving their ability to reach consumers in other areas of the State?

*If you answer “yes” or “no” provide your explanation. This explanation should cite both why you answered “no” to the first two questions, and why you are answering “yes” or “no” to this question.*

5. Question (a) usually reads as follows: “If not, does the grantee provide justification?” This question recognizes there may be legitimate reasons that a grantee limits the scope of its activities. However, not all justifications are equal, and there is a difference between a reason and an excuse. Reviewers should thoroughly examine the grantee’s justification and provide a strong explanation for why they believe a “yes” is warranted.

6. Your responses will not be shared with the grantee.

**Review of Program Performance**  
**(Third-party Review Form)**

**Reviewer Name:** \_\_\_\_\_

**Grantee Reviewed:** \_\_\_\_\_

*Emphasis and Expansion of Consumer Choice and Control*

1. Is there evidence that individuals with disabilities are involved in the administrative decision-making of the AFP/Telework program?
  - (c) If not, does the grantee provide justification for the current level of involvement of individuals with disabilities in the administrative decision-making of the loan program?
  - (d) If not, does the grantee have a reasonable plan for improving the involvement of individuals with disabilities in the administrative decision-making of the loan program?
  
2. Is there evidence that the AFP/Telework program emphasizes and expands consumer choice and control?
  - (c) If not, does the grantee provide justification for why the current level of consumer choice and control is appropriate?
  - (d) If not, does the grantee have a reasonable plan for improving its emphasis and expansion of consumer choice and control?

**Timely and Equitable Access to Financial Assistance**

1. Is there evidence that the policies and procedures of the AFP/Telework program make it accessible to consumers regardless of type of disability, age, income level, type of AT device, equipment, or service for which financing is requested through the program?
  - (c) If not, does the grantee provide justification for why the program is not accessible to all consumers?
  - (d) If not, does the grantee have a reasonable plan for improving the accessibility of the program?
  
2. Is there evidence that the structure and practices of the AFP/Telework program make it possible to meet the needs of individuals in most areas of the State?
  - (c) If not, does the grantee provide justification for why the areas reached in the State are sufficient?
  - (d) If not, does the grantee have a reasonable plan for improving their ability to reach consumers in other areas of the State?
  
3. Is the lender agreement structured to promote the goals of the AFP/Telework program?

- (a) If not, does the grantee provide justification for the structure of the current lender agreement?
- (b) If not, does the grantee have a reasonable plan for improving the lender agreement?

### **Capacity to Continue on a Permanent Basis**

1. Does the AFP/Telework program have an investment plan that is implemented and revised regularly?
  - (a) If not, does the grantee provide justification for why the program has not implemented an investment plan that is reviewed regularly?
  - (b) If not, does the grantee have a reasonable plan for the implementation and regular revision of an investment plan?
  
2. Does the AFP/Telework program administer its funds with prudence, discretion, and intelligence?
  - (c) If not, does the grantee provide justification for why the program administers its funds in the current manner?
  - (d) If not, does the grantee have a reasonable plan for improving the administration of program funds?
  
3. Is the AFP/Telework program implementing appropriate strategies for sustainability?
  - (c) If not, does the grantee provide justification for why the program is not implementing appropriate strategies for sustainability?
  - (d) If not, does the grantee have a plan for sustainability that could be implemented?

### Overall Comments

1. Do you have overall comments/recommendations related to the grantee's data?
2. Do you have overall comments/recommendations for the grantee?



**Review of Program Management**  
**(RSA Review Form)**

**Reviewer Name:** \_\_\_\_\_

**Grantee Reviewed:** \_\_\_\_\_

**Fiscal Management**

1. Has the grantee obtained its full State matching funds from appropriate sources? If not, does the grantee have a plan for obtaining the remaining match funds?
2. Does the grantee account for grant funds accurately and completely in accordance with EDGAR?
3. Does the grantee use grant funds only for purposes under, and within the limitations of, title III or the NFP, as applicable?
4. Does the grantee comply with indirect cost requirements?
5. Does the grantee comply with audit requirements?

**Contract Oversight**

1. Does the Lead Agency exercise appropriate fiscal and performance oversight of the AFP/Telework program through its contract with the CBO? If not, does the Lead Agency have a plan for improving its oversight?
2. Is the contract structured to meet the requirements and intent of title III or the NFP, as applicable? If not, does the Lead Agency have a plan for changing its contract to make it more consistent with title III or the NFP, as applicable?

**Personnel Management**

1. Does the AFP/Telework program have an appropriate number of staff to implement the grant? If not, does the grantee have a plan for adjusting the number of staff?
2. Do the Lead Agency and CBO distribute the time of their personnel appropriately to implement the grant based on their responsibilities? If not, does the grantee have a plan to distribute time more appropriately?
3. Do the Lead Agency and CBO use grant funds to support only personnel with responsibilities germane to the grant?

# APPENDIX C

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# Program Review Report

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## A. Introduction

This section presents basic information and provides a description of the review process of the AFP/Telework program under review.

Reports from the first year only include a special notation that the program review process was being piloted, which should be taken into account by the reader.

## B. Executive Summary

This section summarizes the major points of the report: the notable strengths of the AFP/Telework program, the notable areas in need of improvement or failures to substantially comply, and recommendations.

## C. Review of Program Management

1. *Fiscal Management*: The grantee's ratings for this element are listed and explained, including a justification for the rating followed by any recommendations.
2. *Contract Oversight*: The grantee's ratings for this element are listed and explained, including a justification for the rating followed by any recommendations.
3. *Personnel Management*: The grantee's ratings for this element are listed and explained, including a justification for the rating followed by any recommendations.

## D. Review of Program Performance

1. *Emphasis and Expansion of Consumer Choice and Control*: The grantee's ratings for this element are listed and explained, including a justification for the rating followed by any recommendations.
2. *Timely and Equitable Access to Financial Assistance*: The grantee's ratings for this element are listed and explained, including a justification for the rating followed by any recommendations.
3. *Capacity to Continue on a Permanent Basis*: The grantee's ratings for this element are listed and explained, including a justification for the rating followed by any recommendations.

4. *Data*: The grantee's explanation and analysis of the strengths of its data and areas in need of improvement are presented but not reviewed by the review team.

E. Conclusion

If a failure to substantially comply is identified in the report, next steps are enumerated here.

F. Appendices

1. The grantee's response to this report, if any.
2. The Program Management review form completed by RSA. This is provided to the grantee only and not a part of the final report posted on the Department's website.

# APPENDIX D

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# AFP Audit Questionnaire

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State: \_\_\_\_\_

Name of Lead Agency: \_\_\_\_\_

Name of CBO for AFP: \_\_\_\_\_

1. Has a single audit in accordance with OMB Circular A-133 been conducted for this grant at the Lead Agency level?

\_\_\_\_\_ yes                      \_\_\_\_\_ no

2. (a) If yes, when was the most recent audit completed? \_\_\_\_\_

(b) If yes, how often is this audit done? \_\_\_\_\_

(c) If no, why not? \_\_\_\_\_

\_\_\_\_\_

3. Has a different kind of audit (such as an internal audit) been conducted for this grant at the Lead Agency level?

\_\_\_\_\_ yes                      \_\_\_\_\_ no

4. (a) If yes, when was the most recent audit completed? \_\_\_\_\_

Explain the audit (e.g., who conducted it, the purpose, how often it is done) \_\_\_\_\_

\_\_\_\_\_

(b) If no, why not? \_\_\_\_\_

\_\_\_\_\_

5. (a) Were there findings from any audit conducted?

\_\_\_\_\_ yes                      \_\_\_\_\_ no                      \_\_\_\_\_ N/A (no audits conducted)

If yes, explain: \_\_\_\_\_  
\_\_\_\_\_

(b) Have the findings been resolved?

\_\_\_\_\_ yes                      \_\_\_\_\_ no

If no, explain: \_\_\_\_\_  
\_\_\_\_\_

Answer the questions below for the CBO.

6. Has a single audit in accordance with OMB Circular A-133 been conducted for this grant at the CBO level?

\_\_\_\_\_ yes                      \_\_\_\_\_ no

7. (a) If yes, when was the most recent audit completed? \_\_\_\_\_

(b) If yes, how often is this audit done? \_\_\_\_\_

(c) If no, why not? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Has a different kind of audit (such as an internal audit or audit by the Lead Agency) been conducted for this grant at the CBO level?

\_\_\_\_\_ yes                      \_\_\_\_\_ no

9. (a) If yes, when was the most recent audit completed? \_\_\_\_\_

Explain the audit (e.g., who conducted it, the purpose, how often it is done)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) If no, why not? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. (a) Were there findings from any audit conducted?

\_\_\_\_\_ yes                      \_\_\_\_\_ no                      \_\_\_\_\_ N/A (no audits conducted)

If yes, explain: \_\_\_\_\_  
\_\_\_\_\_

(b) Have the findings been resolved?

\_\_\_\_\_ yes

\_\_\_\_\_ no

If no, explain: \_\_\_\_\_  
\_\_\_\_\_

To the best of my knowledge and belief, the answers provided to the above questions are true and correct.

Signature of Lead Agency Certifying Representative: \_\_\_\_\_

Date: \_\_\_\_\_



# APPENDIX E

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## Considerations for Discussing AFP/Telework Data

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### General

During the Program Review, the third-party review team and RSA will look at your data. However, RSA understands that data can only be understood in context. You are in the best position to understand your data and what it may say about your AFP/Telework program, as you understand the demographics of your State, the structure of your program, and your data collection methodology as well as how these influence your data. When presenting your program to the third-party review team, you should include information about your data so that others can understand these factors as well.

It is not expected that every response include a need for improvement. There may be many instances in which you believe your data is appropriate and you can explain why the data is appropriate. However, it also is expected that you honestly identify data you find surprising or concerning, why you find that data surprising or concerning, and what you believe you can do to improve that data. If you are unable to understand, explain, or justify your data, you should say so and explain what you can do to increase your understanding of your data. Remember, improvements can come both from changes in how you implement your program and from improving your data collection capacity.

Below are examples of the kinds of information to provide. These are **examples only** – not requirements. The onus is on the State to thoroughly present information related to its data when discussing its loan program. RSA and the third-party review team also have responsibility for asking appropriate questions, however.

### Data Collection Infrastructure

Your data collection infrastructure is critical to the quality of the data you collect. You may choose to describe your data collection infrastructure and how that infrastructure affects your data.

**Describe how your data is collected. This includes not only the methods and processes used to obtain information from targeted individuals and entities you serve, but who does the collection and how you use technology.**

Examples of information you may want to include here are:

- Do you use an intake form to collect data? What data do you collect on an intake form?
- Do you collect data directly from consumers on-site or via follow-up survey?
- If directly with the consumer, is it verbal data collection or do they fill out a survey on paper?
- If by follow-up survey, is it by telephone, by mail, or via e-mail?

- Do you use an excel spreadsheet, a database specific to your state, a web-based data tool? Describe it.

*Describe any procedures you employ to ensure the quality and integrity of this data.*

Examples of information you may want to include here are:

- How are those who collect data trained?
- Do you do follow-ups to verify the data or other kinds of audits?
- Does the technology you use have built-in safeguards?

*Describe your strengths and areas in need of improvement in collecting this data, to what you attribute those strengths or needs for improvement, and steps you can take to improve.*

Examples of information you may want to include here are:

- You may feel that the technology you use is exemplary, so list it as a strength and explain why you believe it contributes to better data.
- You may feel that the training you provide could be improved, so list it as an area in need of improvement and explain how it affects your data and what you can do to improve the training.

### **Data About AFP/Telework Program Activities**

Your data is strongly influenced by the nature of your state and program, but these influences are not apparent to others. Explain how these factors affect your data, in both positive and negative ways. Examples of information you may want to include here are:

- You may need to explain that you serve mostly rural consumers because the State is predominantly rural. Or, perhaps you find that you serve mostly urban consumers even though you are a predominantly rural State – why do you think that is the case? These are two very different results in the same context, which is why an explanation of context is critical.

Identify the strengths or areas in need of improvement and steps that can be taken to improve.

Examples of information you may want to include here are:

- In the example above, you may be concerned that you are serving mostly urban consumers in a rural state. Maybe this is because your program is located in an urban area, making it less accessible to rural consumers. What steps can you take to make it more accessible? Or, you may see serving mostly urban consumers as a strength, because in the past few years you undertook a campaign to target urban consumers and build your infrastructure to serve urban areas.

***Identify what your data tells you about this activity and how this data will affect the implementation of your program.***

Example of information you may want to include:

- Your program mostly provides financial loans for hearing aids and communication devices. What does that tell you about whom you serve and how you market your AFP/Telework loan program? Do you mostly provide loans for hearing aids and communication devices because they are most in demand or because that is where your staff has strongest expertise and markets the program accordingly? Will you make changes in your program to increase the diversity of loans provided and what are those changes, or do you believe that no change is necessary because the data is appropriate – and why?
- Your AFP/Telework Program may be a loan program that gives out only a few loans per year. Maybe the small number of loans could be due to restrictive lending policies, a small endowment that limits the number of loans that can be provided, or a spike in defaults that has depleted the fund. Are you reconsidering your policies to allow more loans? Are you searching for new capital? Are you implementing policies to reduce defaults? Would you not recommend changes because the amount of loans is on target with what you expected and historical trends given your loan capacity?