

**FISCAL YEAR 2012
MONITORING REPORT
ON THE
KANSAS REHABILITATION SERVICES
STATE INDEPENDENT LIVING SERVICES
AND
OLDER INDIVIDUALS WHO ARE BLIND
PROGRAMS**



**U.S. DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION**

OCTOBER 10, 2012

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SECTION 1: EXECUTIVE SUMMARY

Background

On June 25, 2012, through June 27, 2012, the Rehabilitation Services Administration (RSA) conducted a monitoring review of the Kansas' performance and compliance with statutory and regulatory requirements related to Kansas Rehabilitation Services (KRS) administration of the state independent living programs below authorized by Title VII of the Rehabilitation Act of 1973, as amended (Rehabilitation Act).

State Independent Living Services (SILS), authorized by Title VII, Chapter 1, Part B, of the Rehabilitation Act (IL Part B):

The purpose of the SILS program, in Section 34 CFR 364.2, is to promote a philosophy of independent living (IL), including a philosophy of consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, to maximize the leadership, empowerment, independence, and productivity of individuals with significant disabilities, and to promote and maximize the integration and full inclusion of individuals with significant disabilities into the mainstream of American society.

Independent Living Services for Older Individuals Who Are Blind (OIB), authorized by Title VII, Chapter 2, of the Rehabilitation Act (Chapter 2):

The purpose of the OIB program is to support projects that provide any of the IL services to older individuals who are blind that are described in Section 34 CFR 367.3(b), including the four IL core services; conduct activities that will improve or expand services for these individuals; and conduct activities to help improve public understanding of the problems of these individuals.

Through its monitoring of the state IL programs in Kansas, in fiscal year (FY) 2012, RSA:

- reviewed the state's progress toward implementing recommendations identified during the prior monitoring cycle (FY 2007 through 2010);
- reviewed the state's performance in assisting individuals with significant disabilities to maximize their independent living;
- recommended strategies to improve performance and required corrective actions in response to compliance findings related to the three focus areas, including:
 - organizational structure of the Designated State Unit (DSU) with respect to its required duties for the SILS and OIB programs; Statewide Independent Living Council (SILC) status, placement and composition; performance of SILC duties; and working relationships among the DSU, SILC, IL, and OIB service providers;
 - priority IL and OIB services for the SILS and OIB programs, including IL core services; youth transition and nursing home transition services; population priorities as identified in the State Plan for Independent Living (SPIL), including urban and rural; and strategies, activities and evaluation methods related to IL and

- OIB priority services and populations, including consumer satisfaction evaluations; and
- fiscal integrity of the SILS and OIB programs; and
- provided technical assistance to the DSU and SILC to enable them to enhance the performance and resolve findings of noncompliance for the SILS and OIB programs.

The nature and scope of this review and the process by which RSA carried out its monitoring activities, including the conduct of the on-site review, are described in detail in RSA's FY 2012 Independent Living Monitoring and Technical Assistance Guide (IL/MTAG) located at: <http://www.ed.gov/rschstat/eval/rehab/monitoring-il.html>.

Summary of Observation

RSA's review of KRS resulted in the observation related to the focus area identified below. The entire observation and the recommendations made by RSA that the agency can undertake to improve its performance are contained in Section 5 of this report.

Priority IL Services

SILS Program

- **SILCK Evaluation of the Implementation of the Kansas SPIL:** The SILCK has met the basic requirement of establishing a method for the periodic evaluation of the effectiveness of the IL program service providers in meeting the objectives identified in the SPIL. However, this process can be improved through the evaluation of consumer satisfaction and the use of data received by SILCK from service providers, including Centers for Independent Living.

Summary of Compliance Finding

RSA's review resulted in the identification of one compliance finding in the focus area specified below. The complete finding and the corrective actions that Kansas Rehabilitation Services (KRS) must undertake to bring itself into compliance with pertinent legal requirements are contained in Section 7 of this report.

SILS and OIB Programs

- KRS is not in compliance with regulations at 34 CFR 364.22(a), 34 CFR 80.20(a), and 34 CFR 80.40(a), because it did not monitor its contracts with the Centers for Independent Living and with the State Independent Living Council of Kansas (SILCK), during all or part of the review period, in a manner that ensured expenditures were made in compliance with applicable federal requirements, including the Rehabilitation Act.

Development of the Technical Assistance Plan

RSA will collaborate closely with KRS and the Independent Living Research Utilization Training (ILRU) to develop a plan to address the technical assistance needs identified by KRS in Appendix A of this report. RSA, KRS, and ILRU will conduct a teleconference within 30 calendar days following the publication of this report to discuss the details of the technical assistance needs, identify and assign specific responsibilities for implementing technical assistance, and establish initial timeframes for the provision of the assistance. RSA, KRS, and ILRU will participate in teleconferences at least semi-annually to gauge progress and revise the plan as necessary.

Review Team Participants

Members of the RSA review team included Deborah Cotter (Independent Living Unit); David Steele and Sean Barrett (Fiscal Unit); Steven Zwillinger (Data Collection and Analysis Unit); Carol Dobak, Corinna Stiles and Brian Miller (Vocational Rehabilitation Program Unit); and Fred Isbister (Technical Assistance Unit). Although not all team members participated in the on-site visit, each contributed to the gathering and analysis of information, along with the development of this report.

Acknowledgement

RSA wishes to express appreciation to the representatives of KRS for the cooperation and assistance extended throughout the monitoring process. RSA also appreciates the participation of the Statewide Independent Living Council of Kansas (SILCK), the CILs, and other stakeholders in the monitoring process.

SECTION 2: DATA ANALYSIS

This section presents data and analyses related to IL and OIB services in Kansas as well as the KRS fiscal administration of IL Part B and Chapter 2 funds. It should not be construed as a definitive or exhaustive review of all available agency program data and thus does not necessarily capture all possible programmatic or fiscal trends. KRS and the SILKC may wish to conduct their own analyses incorporating other available data to substantiate, confirm or expand upon any trends identified in RSA's analysis.

IL Services Analysis

Tables 2.1a, 2.1b, and 2.1c present statewide trends regarding IL services provided by CILs and/or other service providers, as applicable, through IL Part B, IL Part C, and other state, federal, and nonfederal funds through KRS contracts, consistent with Kansas's approved SPIL.

Table 2.1a
Kansas IL Services Provided Indirectly (excluding Part C CILs) for
FY 2008 through FY 2011

IL Program Data	2008	2009	2010	2011	Percent Change 2008 – 2011
Consumers Served – Overall					
Number of consumers with Consumer Service Records (CSRs) opened during the reporting year	2,937	1,563	2,753	1,589	-45.9%
Number of consumers with CSRs opened during a prior year	5,570	6,810	5,374	4,711	-15.4%
Total number of consumers served	8,507	8,373	8,127	6,300	-25.9%
CSRs opened during the reporting year as a percentage of all CSRs	34.5%	18.7%	33.9%	25.2%	-9.3*
IL Goals – Overall					
Number of CSRs closed with all goals met	382	265	882	344	-9.9%
CSRs closed with all goals met as a percentage of all CSRs	30.3%	12.2%	53.0%	28.2%	-2.1*
Total number of goals set	6,653	7,000	9,933	4,238	-36.3%
Total number of goals met	3,626	3,402	3,625	1,825	-49.7%
Goal achievement rate*	54.5%	48.6%	36.5%	43.1%	-11.4*
IL Core Services					
Number of individuals receiving I&R services	10,672	9,581	7,948	9,020	-15.5%
Number of consumers receiving IL skills training	2,691	1,819	2,159	574	-78.7%
Number of consumers receiving peer support services	2,732	728	461	671	-75.4%
Number of consumers receiving individual advocacy services	3,673	1,906	2,296	2,514	-31.6%

IL Program Data	2008	2009	2010	2011	Percent Change 2008 – 2011
Core services total	19,768	14,034	12,864	12,779	-35.4%
IL services total	38,772	30,455	31,312	17,472	-54.9%
Core services as a percentage of IL services total	51.0%	46.1%	41.1%	73.1%	22.2*
<i>For IL Core Services excluding I&R</i>					
Core services (excluding I&R)	9,096	4,453	4,916	3,759	-58.7%
All IL services total (excluding I&R)	28,100	20,874	23,364	8,452	-69.9%
Core services as a percentage of IL services total (excluding I&R)	32.4%	21.3%	21.0%	44.5%	12.1*
Transition – Youth					
Number of consumers ages 5 to 24	559	628	567	383	-31.5%
Consumers ages 5 - 24 as a percentage of all consumers	7.0%	7.5%	7.0%	6.1%	-0.9*
Number of consumers receiving youth/transition services	45	111	60	103	128.9%
Youth/transition as percentage of all services	0.1%	0.4%	0.2%	0.6%	0.5*
Transition - Institution/Nursing Home Relocation					
Number of institution/nursing home relocation goals set	33	47	133	53	60.6%
Institution/nursing home relocation as percentage of all goals set	0.5%	0.7%	1.3%	1.3%	0.8*
Goal achievement rate	66.7%	83.0%	36.8%	73.6%	6.9*
Additional Kansas SPIL-Specific Priority					
American Indian or Alaska Native	121	120	105	101	-16.5%
American Indian or Alaska Natives as percentage of all consumers	1.5%	1.4%	1.3%	1.6%	0.1*
Consumers with multiple disabilities	888	842	353	633	-28.7%
Consumers with multiple disabilities as percentage of all consumers	11.1%	10.1%	4.3%	10.0%	-1.1*

Positive Trends

The period FY 2008 to FY 2011 saw an increase in the provision of IL core services by the Kansas network of CILs. For example, IL core services, as a percentage of total IL services, increased by 22 percent between FY 2008 and FY 2011, from 51 percent of all IL services in 2008, to 73.1 percent of all IL services in 2011.

The percentage of youth with disabilities served, along with the percentage of total services provided to this population remained almost constant despite a decrease in the total number of consumers served. Concurrently, the number of youth receiving targeted transition services grew from 45 consumers in FY 2008 to 103 in FY 2011, or more than a 100 percent increase.

The goals identified in the FY 2011-2013 Kansas SPIL include serving more individuals who are American Indians or have multiple disabilities. Despite a decrease in the absolute number of American Indians served, from 121 in FY 2008 to 101 in FY 2011, a decline of 16.5 percent, the number as a percent of all consumers remained constant. Likewise with consumers with multiple disabilities, there was a decline from 888 in FY 2008 to 633 in FY 2011, or 28.7 percent, with the percentage of the total again remaining constant.

Trends Indicating Potential Risk to the Performance of the IL Program

The total number of consumers receiving services declined from 8,507 in FY 2008 to 6,300 in FY 2011, or a drop of 25.9 percent. The decrease in the number of new consumers served in this period is even more significant, with a decrease from 2,937 in FY 2008 to 1,589 in FY 2011, or 45.9 percent.

The number of goals set in this period also decreased from 6,653 in FY 2008 to 4,238 in FY 2011, or 36.3 percent. This is especially notable given that the trend from FY 2008 to FY 2010 was steadily upward, with as many as 9,933 in FY 2010. Similarly, there was a 49.7 percent drop in the number of goals met, from 3,626 in FY 2008 to 1,825 in FY 2011. The result was a commensurate 11.4 percent decrease in the rate of goal achievement from 54.5 percent in FY 2008 to 43.1 percent in FY 2011.

The number of consumers receiving IL core services declined significantly despite the identification of the expansion of these services as a goal in the SPIL. For example, the number of consumers receiving IL skills training declined by 78.7 percent, from 2,691 in FY 2008 to 574 in FY 2011. Likewise, the number of consumers receiving peer support services fell by 75.4 percent from 2,732 in FY 2008 to 671 in FY 2011.

Table 2.1b
Kansas IL Services Provided by Part C CILs Only
for FY 2008 through FY 2011

IL Program Data	2008	2009	2010	2011	Percent Change 2008 - 2011
Consumers Served – Overall					
Number of consumers with CSRs opened during the reporting year	2,101	2,773	1,687	1,654	-21.3%
Number of consumers with CSRs opened during a prior year	7,595	8,031	8,151	8,575	12.9%
Total number of consumers served	9,696	10,804	9,838	10,229	5.5%
CSRs opened during the reporting year as a percentage of all CSRs	21.7%	25.7%	17.1%	16.2%	-5.5*
IL Goals – Overall					
Number of CSRs closed with all goals met	119	398	144	216	81.5%
CSRs closed with all goals met as a percentage of all CSRs	10.3%	29.6%	13.8%	21.9%	11.6*

IL Program Data	2008	2009	2010	2011	Percent Change 2008 - 2011
Total number of goals set	10,432	11,757	11,383	11,441	9.7%
Total number of goals met	3,200	3,702	3,411	2,476	-22.6%
Goal achievement rate*	30.7%	31.5%	30.0%	21.6%	-9.0*
IL Core Services					
Number of individuals receiving I&R services	5,765	3,644	3,914	3,725	-35.4%
Number of consumers receiving IL skills training	3,529	733	605	835	-76.3%
Number of consumers receiving peer support services	281	153	157	378	34.5%
Number of consumers receiving individual advocacy services	2,207	2,176	1,458	1,377	-37.6%
Core services total	11,782	6,706	6,134	6,315	-46.4%
IL services total	36,566	14,593	13,938	14,849	-59.4%
Core services as a percentage of IL services total	32.2%	46.0%	44.0%	42.5%	10.3*
<i>For IL Core Services excluding I&R</i>					
Core services (excluding I&R)	6,017	3,062	2,220	2,590	-57.0%
All IL services total (excluding I&R)	30,801	10,949	10,024	11,124	-63.9%
Core services as a percentage of IL services total (excluding I&R)	19.5%	28.0%	22.1%	23.3%	3.7*
Transition – Youth					
Number of consumers ages 5 to 24	753	920	795	848	12.6%
Consumers ages 5 - 24 as a percentage of all consumers	7.8%	8.7%	8.1%	8.3%	0.5*
Number of consumers receiving youth/transition services	53	42	117	94	77.4%
Youth/transition as percentage of all services	0.1%	0.3%	0.8%	0.6%	0.5*
Transition - Institution/Nursing Home Relocation					
Number of institution/nursing home relocation goals set	41	27	31	57	39.0%
Institution/nursing home relocation as percentage of all goals set	0.4%	0.2%	0.3%	0.5%	0.1*
Goal achievement rate	48.8%	51.9%	58.1%	33.3%	-15.4*
Additional Kansas SPIL-Specific Priority					
American Indian or Alaska Native	238	227	240	255	7.1%
American Indian or Alaska Natives as percentage of all consumers	2.5%	2.1%	2.4%	2.5%	0.0*
Consumers with multiple disabilities	1,868	2,205	2,149	1,574	-15.7%
Consumers with multiple disabilities as percentage of all consumers	19.3%	20.4%	21.8%	15.4%	-3.9*

**Represents the 2011 percentage minus the 2008 percentage.*

Positive Trends

The total number of consumers served by Part C CILs increased from 9,696 in FY 2008 to 10,229 in FY 2011, or 5.5 percent increase. This increase is largely represented by a 21 percent growth in the number of consumers whose goals carried over from the prior year.

The number of consumer service records (CSRs) closed with all goals met increased significantly between FYs 2008 and 2011 from 119 in FY 2008 to 216 in FY 2011, an increase of 81 percent. The number of CSRs closed with all goals met as a percentage of all CSRs increased from 10.3 percent in FY 2008, to 21.9 percent in FY 2011, an increase of 11.6 percent. Similarly, the number of IL core services provided as a percentage of all services provided increased 10 percent from FY 2008 to FY 2011.

The number of consumers served by CILs under Part C who are American Indian increased from 238 in FY 2008 to 255 in FY 2011, or an increase of seven percent toward the achievement of the goal to better serve this community as identified in the FY 2011-2013 SPIL.

Trends Indicating Potential Risk to the Performance of the IL Program

Despite an overall increase in the total number of consumers served by Part C CILs, there was a marked decrease in the number of new consumers served from 2,101 in FY 2008 to 1,654 in 2011, a 21.3 percent decline. This means that only 16 percent of all open CSRs in FY 2011 represented new consumers, indicating a reduced effectiveness in outreach activities.

The number of consumers receiving IL skills training declined more than 75 percent between FY 2008 and FY 2011, from 3,529 in FY 2008 to 835 in FY 2011. Likewise, the number of consumers receiving information and referral, peer counseling, and advocacy skills training declined by 35 percent from FY 2008 to FY 2011.

Table 2.1c
Kansas IL Services Provided by Kansas CILs
(Including Part C CILs) for FY 2008 through FY 2011

IL Program Data	2008	2009	2010	2011	Percent Change 2008 - 2011
Consumers Served – Overall					
Number of consumers with CSRs opened during the reporting year	5,038	4,336	4,440	3,243	-35.6%
Number of consumers with CSRs opened during a prior year	13,165	14,841	13,525	13,286	0.9%
Total number of consumers served	18,203	19,177	17,965	16,529	-9.2%
CSRs opened during the reporting year as a percentage of all CSRs	27.7%	22.6%	24.7%	19.6%	-8.1*
IL Goals – Overall					
Number of CSRs closed with all goals met	501	663	1,026	560	11.8%

	2008	2009	2010	2011	Percent Change 2008 - 2011
IL Program Data					
CSRs closed with all goals met as a percentage of all CSRs	20.7%	18.9%	37.9%	25.4%	4.7*
Total number of goals set	17,085	18,757	21,316	15,679	-8.2%
Total number of goals met	6,826	7,104	7,036	4,301	-37.0%
Goal achievement rate*	40.0%	37.9%	33.0%	27.4%	-12.5*
IL Core Services					
Number of individuals receiving I&R services	16,437	13,225	11,862	12,745	-22.5%
Number of consumers receiving IL skills training	6,220	2,552	2,764	1,409	-77.3%
Number of consumers receiving peer support services	3,013	881	618	1,049	-65.2%
Number of consumers receiving individual advocacy services	5,880	4,082	3,754	3,891	-33.8%
Core services total	31,550	20,740	18,998	19,094	-39.5%
IL services total	75,338	45,048	45,250	32,321	-57.1%
Core services as a percentage of IL services total	41.9%	46.0%	42.0%	59.1%	17.2*
For IL Core Services excluding I&R					
Core services (excluding I&R)	15,113	7,515	7,136	6,349	-58.0%
All IL services total (excluding I&R)	58,901	31,823	33,388	19,576	-66.8%
Core services as a percentage of IL services total (excluding I&R)	25.7%	23.6%	21.4%	32.4%	6.8*
Transition – Youth					
Number of consumers ages 5 to 24	1,312	1,548	1,362	1,231	-6.2%
Consumers ages 5 - 24 as a percentage of all consumers	7.4%	8.2%	7.6%	7.4%	0.0*
Number of consumers receiving youth/transition services	98	153	177	197	101.0%
Youth/transition as percentage of all services	0.1%	0.3%	0.4%	0.6%	0.5*
Transition - Institution/Nursing Home Relocation					
Number of institution/nursing home relocation goals set	74	74	164	110	48.6%
Institution/nursing home relocation as percentage of all goals set	0.4%	0.4%	0.8%	0.7%	0.3*
Goal achievement rate	56.8%	71.6%	40.9%	52.7%	-4.0*
Additional Kansas SPIL-Specific Priority					
American Indian or Alaska Native	359	347	345	356	-0.8%
American Indian or Alaska Natives as percentage of all consumers	2.0%	1.8%	1.9%	2.2%	0.1*
Consumers with multiple disabilities	2,756	3,047	2,502	2,207	-19.9%
Consumers with multiple disabilities as percentage of all consumers	15.6%	15.9%	13.9%	13.4%	-2.3*

*Represents the 2011 percentage minus the 2008 percentage.

The trends in IL services across the state of Kansas reflect the sum of the changes of Part B and Part C CILs.

Positive Trends

There has been a more than 10 percent increase in the number of CSRs closed with all goals met, from 501 in FY 2008 to 560 in FY 2011. There was also an increase of 17.2 percent in the ratio of IL core services provided compared to all IL services provided, or 41.9 percent in FY 2008 to 59.1 percent in FY 2011.

Although the number of youth with disabilities served declined by 6.2 percent from FY 2008 to FY 2011, during the same period, the number of consumers receiving youth/transition services more than doubled from 98 in FY 2008 to 197 in FY 2011, a more than 100 percent increase.

Kansas Network of CILs' Trends Indicating Potential Risk to the Performance of the IL Program

The number of new consumers served decreased from 5,038 in FY 2008, to 3,243 in FY 2011, or more than 35 percent. At the same time there was a 9.2 percent decrease in the total number of consumers served from 18,203 in FY 2008 to 16,529 in FY 2011.

There was an 8.2 percent decline in the total number of goals set, from 17,085 in FY 2008 to 15,679 in FY 2011, and a concurrent decrease in the goal achievement rate from 40 percent in FY 2008 to just under 28 percent in FY 2011, a decline of 12.5 percent. The number of IL core services provided declined by just under 40 percent, from 31,550 in FY 2008 to 19,004 in FY 2011.

The percentage of consumers with multiple disabilities receiving IL services, an identified goal on the Kansas SPIL, declined by nearly 20 percent, from 2,756 in FY 2008 to 2,207 in FY 2011.

There are a number of areas in which there are significant differences between Part B (State funded) and Part C (federally funded) CILs, including:

1. The number of consumers with CSRs opened during a prior year, or carryover: Part B CILs declined by 15 percent and Part C CILs increased by nearly 13 percent, a total difference of 25 percent.
2. The total number of consumers served: Part B CILs declined by almost 26 percent and Part C CILs increased by 5 percent, a total difference of 30 percent.
3. The number of CSRs closed with all goals met: Part B CILs declined by almost 10 percent and Part C CILs increased by 81 percent, a total difference of 91 percent.
4. The total number of goals set: Part B CILs declined by just over 36 percent and Part C CILs increased by nearly 10 percent, a total difference of 46 percent.
5. The number of consumers ages 5-24: Part B CILs declined by just over 31 percent and Part C CILs increased by nearly 13 percent, a total difference of 44 percent.

6. The number of American Indian or Alaska Natives served: Part B CILs declined by just over 16 percent and Part C CILs increased by just over seven percent, a total difference of 23 percent.

OIB Services Analysis

Table 2.1d presents statewide trends regarding OIB services provided by the KRS and/or other service providers, as applicable, through Title VII, Chapter 2 funds and/or other federal and nonfederal funds, based on the 7-OB Report.

Table 2.1d
Kansas OIB Services - FY 2008 through FY 2011

OIB Program Data	2008	2009	2010	2011	% Change 2008 - 2011
Expenditures					
Total amount of funds awarded	276,413	293,182	292,644	289,959	4.9%
Total amount of funds expended	307,126	450,024	204,904	645,213	110.1%
Staffing					
Total number of FTEs (agency, contractors & volunteers)	4.0	2.5	6.9	8.2	103.5%
Consumers					
Total number of consumers carried over from prior year	274	201	154	14	-94.9%
Total number of new consumers served	201	181	212	435	116.4%
Total number of consumers served	475	382	366	449	-5.5%
Race and Ethnicity					
American Indian/Alaska Native	4	2	3	5	25.0%
Asian	0	0	0	1	-
Black or African American	11	16	17	22	100.0%
Native Hawaiian or Other Pacific Islander	0	0	2	1	-
White	458	351	330	401	-12.4%
Hispanic/Latino of any race or Hispanic/Latino only	2	13	11	6	200.0%
Two or more races	0	0	0	0	-
Race and ethnicity unknown	0	0	3	13	-
Total	475	382	366	449	-5.5%
Degree of Visual Impairment					
Totally Blind	5	7	5	25	400.0%
Legally Blind	255	179	186	162	-36.5%

OIB Program Data	2008	2009	2010	2011	% Change 2008 - 2011
Severely Visually Impaired	215	196	175	262	21.9%
Total	475	382	366	449	-5.5%
KS OIB Services Provided					
Vision screening/vision examination/low vision evaluation	255	259	74	31	-87.8%
Surgical or therapeutic treatment	0	0	2	0	-
Provision of assistive technology devices and aids	202	197	330	276	36.6%
Provision of assistive technology services	258	240	319	174	-32.6%
Independent living and adjustment skills training	460	382	105		-100.0%
Orientation and mobility training	78	64	57	29	-62.8%
Communication skills	238	180	206	20	-91.6%
Daily living skills	144	100	123	233	61.8%
Supportive services	196	143	223	35	-82.1%
Advocacy training and support networks	75	40	57	39	-48.0%
Counseling	34	45	44	61	79.4%
Information referral and community integration	154	149	241	142	-7.8%
Other IL services	115	126	103	44	-61.7%

OIB Performance Trends

Positive Trends

The OIB program in Kansas saw a significant amount of growth in the period from FY 2008 to FY 2011 in terms of funding and staff resources. The amount expended for OIB services grew 110 percent over this period, from \$307,126 in FY 2008, to \$645,213 in FY 2011. During this time the number of FTEs dedicated to the OIB program grew from 4 in FY 2008 to 8.2 in FY 2011, a 103 percent increase.

Trends Indicating Potential Risk to the Performance of the OIB Program

There was a substantial change in the total number of consumers carried over, from 274 in FY 2008 to 14 in FY 2011. There was also a concurrent increase in the total number of new consumers served from 201 in FY 2008 to 435 in FY 2011, or a 116 percent change. The combination of these two factors resulted in very little change in the total number of individuals served. This represents a dramatic change in the program over a very short period of time, especially given that much of the change occurred from FY 2010 to FY 2011, with the number of

new consumers more than doubling from 201 in FY 2010 to 435 in FY 2011. It is also significant that the total number served did not increase despite the availability of greater fiscal and staff resources, with more than 100 percent growth in both categories.

The period from FY 2008 to FY 2011 saw substantial decreases in every one of the 12 areas in which services were provided. For example, the provision of Independent Living and Adjustment Skills training dropped from 460 in FY 2008 to 0 in FY 2011, or 100 percent. Vision screening /Vision Examination/Low vision evaluation services declined from 225 in FY 2008 to 31 in FY 2011, or 87.8 percent. Information referral and community integration services slipped from 154 in FY 2008 to 143 in FY 2011, or 7.8 percent.

As noted above, this contraction of service provision and numbers served declined at the same time that funds expended increased by over 100 percent from FY 2008 to FY 2011, from \$307,126 in FY 2008 to \$645,213 in FY 2011, and staff resources more than doubled.

**Table 2.2a
SILS Fiscal Data - FY 2007 through FY 2011**

IL Fiscal Profile	Quarter	2007	2008	2009	2010	2011
Grant amount per MIS	4 th	301,477	296,212	312,984	321,984	312,358
	Latest/ Final*	301,477	296,212	312,984	312,984	312,358
Total outlays	4 th	96,132	177,988	155,177	34,776	97,409
	Latest/ Final*	334,975	329,124	347,760	347,760	97,409
Total unliquidated obligations	4 th	238,843	151,137	151,446	97,789	249,725
	Latest/ Final*	0	0	0	0	249,725
Federal share of total outlays	4 th	86,518	160,186	120,341	0	62,633
	Latest/ Final*	301,477	296,212	312,987	312,984	62,633
Federal share of unliquidated obligations	4 th	214,959	136,023	151,446	292,028	249,725
	Latest/ Final*	0	0	0	0	249,725
Total federal share	4 th	301,447	296,212	271,787	292,028	312,358
	Latest/ Final*	301,477	296,212	312,984	312,984	312,358
Recipient funds	4 th	9,614	17,799	34,776	34,776	34,776
	Latest/ Final*	33,498	32,912	34,776	34,776	34,776
Recipient share of unliquidated obligations	4 th	23,884	15,113	0	0	0
	Latest/ Final*	0	0	0	0	0
Agency actual match (total recipient share)	4 th	33,498	32,912	34,776	34,776	34,776

IL Fiscal Profile	Quarter	2007	2008	2009	2010	2011
	Latest/ Final*	33,498	32,912	34,776	34,776	34,776
Agency required match	4 th	9,613	17,799	13,371	0	7,719
	Latest/ Final*	33,497	32,912	34,776	34,776	34,776
Over/under match	4 th	-23,885	-15,113	-21,405	-34,776	-27,057
	Latest/ Final*	0				-27057
Unobligated funds qualifying for carryover	4 th	0	0	41,197	20,956	0
	Latest/ Final*	0	0	0	0	
Total program income realized	4 th	0	0	0	0	0
	Latest/ Final*	0	0		0	0
Total indirect costs	4 th	0	0	0	0	0
	Latest/ Final*		11,195	7,184		

*Denotes Final or Latest SF-269 or SF-425 Submitted

**Based upon Final or Latest SF-269 or SF-425 Submitted

A review of the SILS fiscal performance data from FYs 2007 through 2011 yielded several trends. The agency was efficient in meeting match, in fact overmatched for each year from 2007-2011. State-appropriated funds comprised the bulk of these funds. KRS has also been efficient in liquidating obligations in a timely manner, having had carryover funds in only two of the five years, totaling less than 5 percent of the overall award.

Table 2.2a
OIB Fiscal Data - FY 2007 through FY 2011

IL Fiscal Profile	Quarter	2007	2008	2009	2010	2011
Grant amount per MIS	4 th	283,182	276,413	293,182	282,644	289,959
	Latest/ Final*	283,182	276,413	293,182	292,644	289,959
Total outlays	4 th	281,892	233,233	128,656	49,437	24,109
	Latest/ Final*	314,647	307,126	325,758	325,160	24,109
Total unliquidated obligations	4 th	32,755	73,893	0	256,131	322,244
	Latest/ Final*	0	0	0	0	322,244
Federal share of total outlays	4 th	253,634	209,910	96,080	0	0
	Latest/ Final*	283,182	276,413	293,182	292,644	0
Federal share of unliquidated obligations	4 th	29,548	66,503	0	230,518	289,959
	Latest/ Final*	0	0	0	0	289,959

IL Fiscal Profile	Quarter	2007	2008	2009	2010	2011
Total federal share	4 th	283,182	276,413	96,080	230,518	289,959
	Latest/ Final*	283,182	276,413	293,182	292,644	289,959
Recipient funds	4 th	28,258	23,323	32,576	49,437	24,109
	Latest/ Final*	31,465	30,713	32,576	32,516	24,109
Recipient share of unliquidated obligations	4 th	3,207	7,389	0	25,613	32,285
	Latest/ Final*	0	0	0	0	32285
Agency actual match (total recipient share)	4 th	31,465	30,712	32,576	49,437	24,109
	Latest/ Final*	31,465	30,713	32,576	32,516	24,109
Agency required match	4 th	28,182	23,323	10,676	0	0
	Latest/ Final*	31,465	30,713	32,576	32,516	0
Over/under match	4 th	-3,283	-7,389	-21,900	-49,437	-24,109
	Latest/ Final*	0	0	0	0	-24,109
Unobligated funds qualifying for carryover	4 th	0	0	197,102	62,126	0
	Latest/ Final*	0	0	0	0	0
Total program income realized	4 th	0	0	0	0	0
	Latest/ Final*	0	0	0	0	0
Total indirect costs	4 th	0	57,110	28,737	2,527	0
	Latest/ Final*	0	57,109	28,737	8,374	0

**Denotes Final or Latest SF-269 or SF-425 Submitted*

***Based upon Final or Latest SF-269 or SF-425 Submitted*

A review of the SILS fiscal performance data from FYs 2007 through 2011 yielded several trends and bore a high consistency with fiscal administration of the Part B program. The agency met match requirements every year, almost entirely due to availability of state general funds. KRS has also been efficient in liquidating obligations in a timely manner, having done so in each of the previous five years (2011 is still available for liquidation).

SECTION 3: RESULTS OF PRIOR MONITORING ACTIVITIES

During its review of the SILS and OIB programs in FY 2012, RSA assessed progress toward the implementation of goals and strategies that KRS agreed to address during the prior monitoring cycle in FY 2007, and the resolution of findings from that review.

Goals and Strategies

In response to RSA's monitoring report dated September 7, 2007, Kansas agreed to implement the goals and strategies below. A summary of the agency's progress toward implementation of each goal and strategy appears below.

SILS program

Goal: Community Supports and Services (OCSS) and KRS will collaborate to ensure that the oversight of state and federal funds made available to the centers for independent living in Kansas is carried out in an effective and efficient manner.

Strategies:

1. OCSS and KRS will come to a mutual understanding of their monitoring responsibilities and determine their capacity to meet these needs;
2. OCSS and KRS will identify any gaps in these needs; and
3. OCSS and KRS will identify possible funding or other resources to meet these needs.

Status: These objectives have been achieved as KRS has assumed authority oversight of its non-delegable duties as the DSU, including disbursing and accounting for the SILS funds and beginning to monitor contracts. As noted in the below findings and recommendations, KRS can do more to enhance its ability to account for contracted funds to IL providers and the SILCK. For the purposes of RSA's 2007 monitoring review, KRS has achieved this goal in that the DSU has begun the process of contract monitoring.

Goal: OCSS and KRS will work to establish an administrative structure under which KRS is the DSU and duties related to administration of the IL program are assigned to each agency, as appropriate, in an effective and efficient manner.

Strategies:

1. Department of Social and Rehabilitation Services (SRS) (changed to the Department of Children and Families (DCF) as of July 1, 2012), KRS, OCSS and SILCK will reach agreement on the manner in which the administrative duties related to the state IL program are assigned; and
2. The parties will complete the appropriate legal document to establish these responsibilities.

Status: While SRS/DCF, KRS, and the SILCK have made progress on this goal and its strategies, as the DSU, KRS has not adequately overseen and monitored the SILCK. As noted in

Finding Number 1 below, reimbursements continue to be made to the SILCK without adequate documentation that these funds were spent on allowable activities within the scope of the SILC's duties as outlined in Section 705 of the Rehabilitation Act, as amended, and its implementing regulations at 34 CFR 364.21 (g).

Goal: KRS, OCSS and the SILCK will work to create a collaborative process by which Title VII, Part B dollars can be allocated for advocacy or other purposes.

Strategies:

1. The parties will achieve a mutual understanding of the responsibilities of IL partners as it relates to administration of Part B funds;
2. The parties will develop a process for identification of areas where Part B dollars should be spent to address SPIL goals; and
3. The parties will identify a process for the administration of these funds that meets regulatory requirements, while maximizing the use of consumer input.

Status: While some progress has been made on this goal and these strategies, there remains significant misunderstanding about the duties of the SILCK, particularly regarding the difference between the role of the CILs to provide systems change and individual advocacy, and that of the SILC, which is not charged with implementing, but rather developing and monitoring the (CILs other service providers' and DSU's) implementation of the SPIL. As noted in Finding Number 1 below, the SILC may not use federal funds, such as Part B and Innovation and Expansion funds, reportedly the SILCK's two sole sources of funding, to fund activities beyond the SILC duties set forth in statute and regulations. RSA provided technical assistance to KRS about its administration of and accountability for federal funds. (See finding 1 below.)

OIB Program

Goal: KRS will increase the capacity of the OIB program to serve greater numbers of individuals.

Strategies:

1. KRS will work in partnership with SILCK, consumers, stakeholder organizations and advocates to conduct a comprehensive strategic planning process of the program and to identify opportunities to strengthen service delivery.

Status: KRS and the SILCK redesigned the OIB delivery service from the DSU providing services directly to contracting services. Since 2010, KRS contracted with three entities to provide state-wide community-based OIB services. The contractors are a consortium of CILs led by Prairie Independent Living Resource Center, the Association for the Blind, Kansas City; and Envision Vision Rehabilitation Center. The transition from direct to contracted services may account for some of the anomalies in the OIB service data. For example, one of the services, Independent Living Skills Training, is no longer provided. This goal and strategy have not been achieved and, as noted in the recommendations in Section 5 on the evaluation of the SPIL, OIB

service providers may need additional training on data collection and reporting to ensure that KRS and the SILCK are able to identify trends among older adults who are blind in Kansas and how best to increase capacity.

Technical Assistance

During the course of its FY 2012 monitoring activities, RSA provided technical assistance to enable Kansas to implement strategies identified through the FY 2007 review.

SILS Program

During the review, RSA provided technical assistance on the following:

- collaboration of SILCK, KRS, and CILs in the development and evaluation of the Kansas SPIL;
- strategies on collecting accurate and consistent data and tracking IL core services and IL priority services/populations;
- how and what type of conference can be conducted by the SILC while remaining in compliance with relevant law and regulation;
- strategic planning and SPIL development. RSA conducted a webinar focused on developing measurable goals and outcomes;
- SILC roles and responsibilities. RSA recommended review of the January 28, 2008 document titled “RSA Responses to NCIL Questions,” which can be located online at: <http://www.ilru.org/html/training/webcasts/handouts/2008/03-19-RSA/Questions.doc>

SECTION 4: SILS AND OIB ORGANIZATIONAL STRUCTURE

The purpose of this focus area was to assess the compliance of KRS with the federal requirements related to the organization and administration of the SILS and OIB programs, including the performance of KRS's required duties; SILCK status, placement and composition; performance of SILC duties; and working relationships among the DSU, SILCK, SILS, and OIB service providers. Specifically, RSA engaged in a review of the following documents:

- DSU policies and procedures related to IL services and service providers, including requests for proposals, DSU contracts with service providers, monitoring protocols, reports, and corrective action plans;
- documents related to the SILCK's legal status in the state as applicable, including the SILCK bylaws; policies and procedures; SILCK membership roster designating appointment categories and terms; DSU contracts with SILCK; and the SILCK resource plan;
- most recent 704 Part I and II performance reports and 7-OB report; and
- the current SPIL.

In the course of implementing this focus area, RSA consulted with the following staff and stakeholders:

- the KRS director, SILS and OIB program staff;
- KRS staff responsible for the fiscal management of the SILS and OIB programs; and
- The SILCK chairperson, members and staff.

A. SILS Program

As of July 1, 2012, the Kansas Department of Children and Families (DCF), formerly known as the Department of Social and Rehabilitation Services, is the designated state agency for KRS, the DSU for the SILS program in Kansas.

KRS provides IL services indirectly through sub-grants to CILs in the Kansas network. Currently, KRS has sub-awards with nine out of the ten existing CILs. In FY 2011, KRS made sub-awards to eleven CILs, including four of the five Part C CILs. KRS used a combination of Part B, state general revenue, and other federal funds such as Social Security program income funds to fund the SILS program. Of the total funds in FY 2011, KRS allocated IL Part B and state funds to the SILCK, totaling \$142,233, to carry out its resource plan.

As an independent nonprofit organization, SILCK is responsible for management of its budget that supports the Council's authorized activities, including personnel and operating expenses related to the monitoring of SPIL implementation. SILCK is comprised of 17 members appointed by the governor, nine of whom are individuals with disabilities and two of whom represent minority populations.

The SILCK Executive Director, a full-time employee, oversees the SILCK's fiscal and operational functions, and supervises an administrative support staff person. The SILCK is active with the DSU and CILs in developing and monitoring the implementation of the SPIL, coordinating with the State Rehabilitation Council and other IL partners.

B. OIB Program

KRS also serves as the DSU for the OIB program. Since FY 2010, KRS has contracted with three entities to provide statewide community-based OIB services. The contractors are a consortium of CILs led by Prairie Independent Living Resource Center; the Association for the Blind, Kansas City; and Envision Vision Rehabilitation Center. KRS's OIB funding in FY 2011 was \$289,959.

RSA's review of the SILS and OIB organizational structures did not result in the identification of observation and recommendations.

Technical Assistance

RSA provided technical assistance to KRS staff regarding the development of contracts that enable it to better account for funds. For example, RSA discussed requiring specific documentation for contractor reimbursement requests. RSA also provided technical assistance on the duties, roles, and responsibilities of the SILC outlined in the Rehabilitation Act and its implementing regulations. Importantly, RSA highlighted the prohibition of the use of federal funds on activities prohibited by the federal Cost Principles for Non-Profit Organizations (former OMB Circular A-122), which applies to all nonprofit organizations receiving federal funds.

SECTION 5: PRIORITY IL AND OIB SERVICES

The purpose of this focus area was to assess the performance of KRS related to the provision of services for the SILS and OIB programs, including IL core services; youth transition and nursing home transition services; population priorities identified in the Kansas SPIL; and strategies, activities and evaluation methods related to SILS and OIB priority services and populations, including consumer satisfaction evaluations.

To implement this focus area, RSA reviewed:

- The Kansas SPIL;
- 704 Parts I and II Performance Reports and 7-OB Performance Reports from FYs 2008 through 2011;
- evaluation methods and reports addressing SPIL priorities and activities;
- contracts and agreements with SILS and OIB service providers, including centers for independent living.

In support of its monitoring activities, RSA met with the following to discuss the provision of priority services for the SILS and OIB programs:

- the KRS director;
- KRS staff responsible for the SILS and OIB programs;
- KRS staff responsible for the fiscal management of the SILS and OIB programs;
- The SILCK chairperson, members and staff; and
- SILS and OIB service providers.

A. SILS Programs

The SPIL identified the following priority populations: Native Americans with disabilities, individuals with mental and psychiatric disabilities, transition-age youth, and returning veterans with disabilities. As noted in the recommendations below and the technical assistance provided onsite, SILCK should identify the information it needs to collect to be able to measure these priority populations.

B. OIB Program

The SPIL does not identify priority populations specifically for the OIB Program.

RSA's review of IL and OIB priorities resulted in the identification of the following observation and recommendations. The technical assistance requested by KRS and SILCK to enable it to carry out these recommendations is contained in Appendix A of this report titled "Agency Response."

Observation and Recommendations

A. SILS Program

5.A.1. SILCK Evaluation of the Implementation of the Kansas SPIL

Observation: The SILCK has met the basic requirement of establishing a method for the periodic evaluation of the effectiveness of the IL program service providers in meeting the objectives identified in the SPIL. However, this process can be improved through the evaluation of consumer satisfaction and the use of data received by SILCK from service providers, including CILs.

- SILCK receives data from the CILs, which constitute the majority of IL service providers, through the annual submission of Part II of the RSA-704 performance report. In general, these data describe funding resources, demographic information, as well as the number of consumers served and the services they received, for each CIL in Kansas. Nonetheless, SILCK reported that it does not use these data in monitoring the implementation of the SPIL.
- The data captured through annual 704 Part II reports are not adequately aligned with the priority populations identified in the current SPIL, including disabled veterans. In addition, the goals and objectives specified in the SPIL are so broad and without specific measurements (e.g., increase core services) that the data from the 704 Part II reports cannot be used alone to assess progress on these goals in a meaningful way.
- SILCK confirmed that it does not collect any other data that can be used in monitoring of SPIL implementation, including the evaluation of progress toward the achievement of the goals and objectives.
- SILCK bases its evaluation of the SPIL goals and objectives on verbal information obtained from the CILs and consumers at quarterly public hearings, which is subjective in nature.
- While the CILs obtain consumer satisfaction surveys from the individuals they serve, SILCK does not request this information for use in the evaluation of SPIL goals and objectives.

Recommendation 5.A.1: To better fulfill its responsibility to monitor the implementation of the SPIL, RSA recommends that SILCK:

- 5.A.1.1 for each goal or objective in the SPIL, identify the data needed to assess progress, the source of these data and how often these data should be collected from the CILs;
- 5.A.1.2 institutionalize a process for acquiring and analyzing these data, including consumer satisfaction survey information;
- 5.A.1.3 incorporate the review of data as part of its public hearings to ensure transparency and obtain feedback from the community; and
- 5.A.1.4 align the goals and objectives identified in the FY 2014 – 2016 SPIL and the data collected from the CILs through the annual 704 Part II performance reports and other available sources, including consumer satisfaction surveys, so the assessment of the

implementation of the SPIL is based on actual data versus solely on subjective input from public meetings.

Technical Assistance

During the review, RSA provided technical assistance to KRS regarding the separate and distinct roles and responsibilities of the DSU in accounting for federal funds. RSA also discussed the duties of the SILC under Section 705 of the Rehabilitation Act and its implementing regulations at 34 CFR 364.21(g) with KRS and SILCK, including the prohibition of the use of federal funds for advocacy conducted by the SILCK. RSA focused on the duty of the SILC in monitoring the implementation of the SPIL, and providing and tracking IL services provided to individuals with disabilities. Additionally, RSA provided technical assistance on the use of consumer satisfaction survey results and data collected from CILs in the assessment of SPIL priorities and objectives. Finally, RSA conducted a webinar on strategic planning and SPIL development, underscoring the need to develop measureable goals and objectives for the chairperson, executive director and other members of SILCK. A transcript of the webinar will be made available to all SILCK members for their ongoing use.

SECTION 6: SILS AND OIB FISCAL INTEGRITY

The purpose of this focus area was to assess fiscal performance related to the SILS and OIB programs and to determine compliance with pertinent federal statutory and regulatory requirements, including OMB circulars. For purposes of the SILS and OIB programs, fiscal integrity is broadly defined as the proper and effective management of IL Part B and Chapter 2 funds to ensure that they are spent solely on allowable expenditures and activities.

RSA reviewed a variety of resources and documents in the course of this monitoring, including data maintained on RSA's management information system generated from reports submitted by the DSU, e.g., Financial Status Report (SF-269/SF-425).

Specifically, RSA engaged in the review of the following:

- IL Part B and OIB grant awards and program income documentation;
- IL Part B and OIB allotments/budget documents and fiscal reports;
- KRS contracts and agreements with SILS and OIB service providers;
- KRS monitoring tools and reports; and
- KRS policies, procedures and forms, e.g., personnel certifications and personnel activity reports, for the SILS and OIB programs.

RSA's review of the fiscal integrity of the SILS and OIB Program administered by KRS did not result in the identification of observations and recommendations. The compliance finding identified by RSA through the implementation of this focus area is contained in Section 7 of this report.

Technical Assistance

SILS Program

RSA reviewed with KRS the role of the DSU in accounting for IL Part B funds by monitoring CIL contracts and the role of SILCK in monitoring the implementation of the SPIL. Additionally, RSA staff discussed enhancing accountability of IL Part B contracts by adding measurable deliverables in contracts and corrective action plans and making implementation of any corrective action plan a condition of IL Part B contracts.

OIB Program

RSA provided technical assistance to KRS regarding the benefits of structuring the OIB contract to focus on direct payment for contract deliverables, rather than the use of budgeted categories.

SECTION 7: COMPLIANCE FINDINGS AND CORRECTIVE ACTIONS

RSA identified the following compliance finding and corrective actions that KRS is required to undertake. The technical assistance requested by the agency to enable it to carry out the corrective actions is contained in Appendix A to this report titled “Agency Response.” The full text of the legal requirements pertaining to the finding is contained in Appendix B.

KRS must develop a corrective action plan for RSA’s review and approval that includes specific steps the agency will take to complete each corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of this report and RSA is available to provide technical assistance to assist KRS to develop the plan and undertake the corrective actions.

RSA reserves the right to pursue enforcement action related to this/these findings as it deems appropriate, including the recovery of funds, pursuant to 34 CFR 80.43 and 34 CFR part 81 of the Education Department General Administrative Regulations (EDGAR).

SILS and OIB Programs

1. Contract Monitoring

Legal Requirements:

- **EDGAR** - 34 CFR 80.20(a) and 34 CFR 80.40(a)
- **Program Regulations** - 34 CFR 364.21(g)

Finding: KRS is not in compliance with regulations at 34 CFR 80.20(a) and 34 CFR 80.40(a), because it did not monitor its contracts with the Centers for Independent Living (CILs) and with the State Independent Living Council of Kansas (SILCK), during all or part of the review period, in a manner that ensured expenditures were made in compliance with applicable federal requirements, including the Rehabilitation Act.

Departmental regulations at 34 CFR 80.40(a) state, “[g]rantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.” Pursuant to this requirement, as the recipient of federal funds, KRS is required to monitor and manage the operations of all grant-supported activities, including the monitoring of contractors. KRS is also required to implement fiscal controls to ensure that SILS funds are expended and accounted for accurately and that expenditures are traceable to a level sufficient to determine that such expenditures were made in accordance with applicable federal requirements (34 CFR 80.20(a)).

A. CIL Contracts

In FY 2008, KRS began assuming direct responsibility for administering the CIL portion of the SILS program, including the administration of Part B, state general funds, and other federal funds to CILs in the state network. Previously, implementation of this responsibility had been delegated to another office within DCF. As part of its assumption of this responsibility, KRS began a comprehensive effort to work collaboratively with CILs to develop a new monitoring protocol. Based on information provided by KRS management during the course of the review, programmatic reviews of CILs occurred between FYs 2008 and 2011; however, the fiscal components of these reviews were cursory and not sufficient to ensure that funds were expended and accounted for in accordance with federal requirements. This was apparent in FY 2011, when the state Office of Audit and Consulting Services (OACS), within DCF, began performing audits of the CIL contracts, identifying numerous fiscal issues not found through KRS's regular monitoring activities.

B. SILCK Contract

KRS provides Part B, Title I Innovation and Expansion (I&E) funds, and state general funds to SILCK, a nonprofit organization, via annual contracts to perform its duties under the resource plan. The SILCK contracts include a line item budget with categories for personnel, building, travel, miscellaneous, and other. KRS provides payments under the contracts upon the receipt of monthly invoices from SILCK. The contracts do not require the submission of supporting documentation, such as receipts, with the invoices to receive payment; nor was such documentation provided with the invoices reviewed by RSA.

Prior to FY 2011, KRS did not conduct formal on-site or off-site monitoring of the SILCK contract to ensure compliance with federal requirements. In FY 2011, KRS requested that OACS conduct a formal audit of the SILCK contracts for the period July 1, 2008 through June 30, 2010. The final audit report, issued on May 10, 2012, concluded that SILCK did not implement required fiscal internal controls pursuant to the federal cost principles and Kansas law. Specifically, the auditors found that the:

SILCK did not have controls required to achieve compliance with Office of Management and Budget (OMB) Circular A-122, the Grant/Contract Terms and Conditions and applicable State of Kansas laws and regulations. OMB Circular A-122 establishes principles for determining costs of grants, contracts (including cost reimbursement contracts) and other agreements with non-profit organizations. The absence of controls and not being fully aware of the requirements caused noncompliance with the Circular, Grant Terms and Conditions and State of Kansas regulations. (OACS Audit Report, page 2)

As part of the on-site review, RSA confirmed that KRS did not require SILCK to maintain or submit supporting documentation necessary to ensure that the invoiced costs were only for allowable and allocable costs. Based on a review of OACS auditing papers

and instruments, RSA determined that the results of OACS audits were consistent with federal regulations and RSA's findings.

To further assess KRS monitoring of the SILCK contracts in light of the OACS audit during the course of this review, RSA reviewed information and documentation provided by OACS and KRS regarding the use of federal funds by SILCK. Based on this review, RSA determined that a number of the activities engaged in by the SILCK are potentially allowable with the use of federal funds. However, KRS did not require SILCK staff to:

- A. maintain travel or expense logs that specify the program activities directly supported by the travel mileage or expense being billed to the SILS program;
- B. maintain Personnel Activity Reports (PARs) or equivalent documentation that meets federal requirements; and
- C. develop and implement a plan for allocating administrative costs (e.g., rent, secretarial support, etc.) in accordance with allowable funding source activities.

Nonetheless, because KRS does not require SILCK to maintain supporting documentation necessary to trace activities to specific funding sources, KRS is unable to determine which funds under the contract (e.g., Title VII Part B, I&E, or other) were used to fund SILCK activities. Without a process for ensuring appropriate cost allocation, KRS is unable to support that contractor expenditures paid with SILS funds are for allowable costs.

In addition, RSA found that KRS did not monitor its contracts with SILCK to review the use of federal funds for activities outside the scope of SILC mandated duties, as listed in regulations at 34 CFR 364.21(g), and that are not permitted under federal cost principles. Specifically:

- SILCK coordinates a biannual "Disability Caucus" to garner input of people with disabilities in Kansas and to provide training to both consumers and IL professionals. SILCK staff take the lead role in developing conference materials, coordinating the location of the conference, making associated financial arrangements, registering attendees and collecting payments. Review of the conference materials demonstrates that SILCK exceeded its allowable duties, as specified in 34 CFR 364.21(g), when organizing and conducting this conference, including acting as a fiscal agent and developing resources.
- RSA's review of SILCK documents, including meeting minutes, the Kansas legislative record, and other public documents, identified numerous instances in which the SILCK supported or opposed specific legislation. SILCK meeting minutes indicate that SILCK conducted activities to advocate for or influence legislative action. For example, the SILCK meeting minutes refer to several occasions when the SILCK used its resources to send petitions to state legislators in support of funding measures and inform CILs regarding how legislators voted on specific issues. Similar activities took place throughout the SILCK contract periods reviewed by RSA. The use of federal funds to conduct lobbying activities is not permissible pursuant to federal cost principles.

Based upon the information above, KRS did not institute fiscal controls necessary to ensure that SILS funds, expended through the CIL and SILCK contracts, were expended and accounted for accurately and that expenditures were traceable to a level sufficient to determine that such expenditures were made in accordance with applicable federal requirements. As a result, KRS is not in compliance with regulations at 34 CFR 80.20(a), and 34 CFR 80.40(a), which require the agency to monitor grant activities and ensure expenditures are made in compliance with applicable federal requirements, including the provisions of the Rehabilitation Act.

Corrective Action 1: KRS must:

- 1.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that it will comply with regulations at 34 CFR 361.12, 34 CFR 80.20(a) and 80.40(a) by monitoring grant-supported activities, including its contracts with the CILs and SILCK, to ensure compliance with applicable federal requirements; and
- 1.2 develop and implement written internal processes necessary to monitor the activities performed by the CILs, SILCK and other contractors to ensure compliance with federal requirements.

APPENDIX A: AGENCY RESPONSE

Section 5: SILS and OIB Priority Services

Recommendation 5.A.1: To better fulfill its responsibility to monitor the implementation of the SPIL, RSA recommends that the SILCK:

- 5.A.1.1 for each goal or objective in the SPIL, identify the data needed to assess progress, the source of these data and how often these data should be collected from the CILs;
- 5.A.1.2 institutionalize a process for acquiring and analyzing these data, including consumer satisfaction survey information;
- 5.A.1.3 incorporate the review of data as part of its public hearings to ensure transparency and obtain feedback from the community; and
- 5.A.1.4 align the goals and objectives identified in the FY 2014 – 2016 SPIL and the data collected from the CILs through the RSA-704 report and other available sources, including consumer satisfaction surveys, so the data can be properly used to assess progress on SPIL implementation.

Agency Response: KRS appreciates the frank discussion regarding the strengths and deficits of the Kansas State Plan for Independent Living (SPIL). KRS agrees to work closely with the SILCK to improve the specificity of goals and objectives contained in the SPIL and to identify data elements and strategies that allow the SILCK to better assess the progress achieved and goals completed. This includes a commitment to more closely align the SPIL goals and objectives to data and information currently collected by CILS (ILS) and OIB providers. Further, KRS commits to a more formal and transparent process of sharing progress and / or completion of SPIL goals and objectives with interested members of the community and to more formally collect input and feedback from that community to better understand needs, satisfaction of current services and suggestions for advocacy priorities to be addressed by the CIL network.

Section 7: Compliance Findings and Corrective Actions

Corrective Action 1: KRS must:

- 1.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that it will comply with regulations at 34 CFR 361.12, 34 CFR 80.20(a) and 80.40(a) by monitoring grant-supported activities, including its contracts with the CILs and SILCK, to ensure compliance with applicable federal requirements and that performance goals are being achieved; and
- 1.2 develop and implement written internal processes necessary to monitor the activities performed by the CILs, SILCK and other contractors to ensure compliance with federal requirements.

Agency Response: With regard to the monitoring of Centers for Independent Living (CILs) and the Statewide Independent Living Council of Kansas (SILCK) KRS offers the following:

CIL MONITORING: In its draft report the Rehabilitation Services Administration (RSA) acknowledges that Kansas Rehabilitation Services (KRS) again assumed its full duties as the DSU in 2008. Further, RSA acknowledges that KRS implemented a complete monitoring protocol, including fiscal monitoring for the CILs to be completed through a multi-year process of on-site monitoring reviews. The monitoring protocol established in cooperation with the CIL network is largely based on the RSA established monitoring protocol including, but not limited to the fiscal review components of the review instruments. KRS strongly disagrees with the assertion by RSA that the fiscal review of CILs was “not sufficient to ensure that funds were expended and accounted for in accordance with federal requirements.” As can be seen in the attached CIL monitoring reports (Attachment A - ILCNEK, LINK and CILSWKS monitoring reports) KRS / Department for Children and Families (DCF) audit staff completed a comprehensive review of the financial management and documentation of these CILs to ensure compliance with the applicable regulations, OMB circulars and the grant terms and condition imposed by KRS. As a result of these reviews and the identification of significant deficiencies, KRS requested DCF audit to conduct full audits of the CILs to both confirm KRS’ findings and to audit the entirety of the agencies being funded by KRS from state and federal sources. It is because of the KRS stringent monitoring system that appropriate and sufficient methods are in place to audit whether the funds are expended and accounted for in accordance with requirements, and to take necessary follow-up action if/when needed. Had KRS not implemented the monitoring system it did, KRS would agree with RSA’s assertion.

KRS/DCF has consistently required maintenance of all financial records, compliance with applicable rules, regulations and OMB circulars and cost principles and reporting requirements to comply the state and federal rules and regulations. Please note the applicable requirements of each grant recipient as found in their signed grant agreements (Attachment B).

That being said, KRS has undertaken additional steps to ensure that CILs funded by state and federal resources through KRS comply fully with the applicable regulations, OMB circulars and cost principles and the standards and indicators for centers for independent living found in 34 C.F.R. 366.60 and 366.63 These efforts include:

1. Distribution of a competitive Request For Proposals (RFP) to provide requested independent living services in Kansas according to the established standards and indicators. The RFP was distributed in January 2012.
2. Within the competitive RFP, KRS required enhanced financial reporting, more clear requirements for financial and programmatic documentation expected of successful applicants, and grant conditions assuring that funds distributed are used only for allowable purposes.
3. KRS has agreed to work collaboratively with CILs to develop more standardized financial, program and reporting tools and frameworks to improve CIL performance and reporting as required.
4. KRS has arranged for a two-day on-site financial reporting training for CIL CEOs, CFOs and Board members to be provided in September 2012.
5. KRS reached signed agreements with each CIL funded to correct the deficiencies and findings of the KRS / DCF audits no later than June 30, 2013.

SILCK MONITORING: Throughout the 17-year history of the SILCK, it has been an independent, not-for-profit organization established under IRS code 501 (c)(3). During that time KRS /DCF has provided funding through grants and contracts to support the SILCK in carrying out its duties under Title VII of the Rehabilitation Act of 1973, as amended. Contained in those many agreements are requirements of the grantee / contractor to comply with all applicable rules, regulations and OMB Circulars and cost principles. Section 32.1 of the KRS grant award to SILCK states: “The grantee’s accounting system shall meet generally accepted accounting principles.” Section 32.2 states: “The grantee shall maintain books, records and other documents in such a manner so as to readily identify them directly with the delivery of services outlined in the Grant award.” The grant award also requires adherence to OMB circular A-110 and A-122 in Exhibit B “Special Provisions Incorporated by Reference.”

Further, the SILCK contracts and grants require the SILCK to comply with state regulations regarding use of funds provided through grants and contracts, e.g., documentation and record retention policies, state rules for travel reimbursement, prohibition against lobbying with funds provided, etc. SILCK entered into each of those grants and contracts knowingly agreeing to comply with their requirements. (see Attachment C – 2012 SILCK grant award and Attachment D - 2012 SILCK contract).

SILCK received training on several occasions regarding the requirements to maintain Personnel Activity Reports (PARS) and the responsibility to adhere to the applicable OMB circulars since 2009. KRS / DCF provided training on three occasions: 09/25/2009, 08/06/2010, and 12/17/2010. SILCK received the materials for the 09/25/2009 training, but failed to participate in it, and participated in the training/discussion on 12/17/2010 SILCK’s participation is recorded in the attached documentation of those meetings (Attachment E). Additionally, on 08/26/09 and 10/28/2009 SILCK received direct, one-on-one training from Mary Hoover, Director of DCF Audit Services (formerly Office of Audit and Consulting Services – OACS) in cost allocation requirements and methodology and the use of PARS (documentation is provided in Attachment E). SILCK did not implement those requirements as directed in the various trainings and meetings provided.

However, KRS acknowledges it did not fully monitor the SILCK or hold the organization to account as required. KRS appreciates the clarifications provided by RSA while onsite regarding the SILCK’s involvement in the Bi-Annual Kansas Disability Caucus, advocacy versus lobbying, and the limited scope of activities which may be carried out using federal resources.

In response to the RSA on-site monitoring and review, KRS has implemented additional documentation requirements for the SILCK grant and contracts. KRS will amend its contract and grant agreement requirements to ensure the SILCK understands its responsibilities under those agreements to maintain complete PARS, a comprehensive cost allocation plan, and to use the state and federal funds from KRS only for the purposes of the mandatory functions of the SILCK as defined in 34 C.F.R. 364.21. KRS will compile and implement additional monitoring protocols for the SILCK. Additionally, KRS has begun drafting more clear guidance on invoicing documentation required and on record keeping expectations necessary to assure invoices are being paid only for those activities allowed by state and federal rules, regulations and requirements.

APPENDIX B: LEGAL REQUIREMENTS

IL and OIB Program Regulations

PART 364—STATE INDEPENDENT LIVING SERVICES PROGRAM AND CENTERS FOR INDEPENDENT LIVING PROGRAM: GENERAL PROVISIONS

34 CFR 364.21 What are the requirements for the Statewide Independent Living Council (SILC)?

(g) *Duties.* The SILC shall—

- (1) Jointly develop and sign (in conjunction with the DSU) the State plan required by section 704 of the Act and § 364.20;
- (2) Monitor, review, and evaluate the implementation of the State plan;
- (3) Coordinate activities with the State Rehabilitation Advisory Council established under section 105 of the Act and councils that address the needs of specific disability populations and issues under other Federal law;
- (4) Ensure that all regularly scheduled meetings of the SILC are open to the public and sufficient advance notice is provided; and
- (5) Submit to the Secretary all periodic reports as the Secretary may reasonably request and keep all records, and afford access to all records, as the Secretary finds necessary to verify the periodic reports.

Education Department General Administrative Regulations (EDGAR)

34 CFR 80.20 Standards for financial management systems.

- (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) 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 80.40 Monitoring and reporting program performance.

- (a) *Monitoring by grantees.* Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.