OPEGA The Maine Legislature
Office of Program Evaluation
& Government Accountability

Scoping Statement

Overview

The Bureau of Rehabilitation Services (BRS) is part of the Department of Labor and includes 4 divisions; Administration, Vocational Rehabilitation (DVR), Blind and Visually Impaired (DBVI) and Deafness.

The Bureau's mission is to provide full access to employment, independence and community integration for people with disabilities. Vocational rehabilitation(VR) services provided by BRS are governed by the Rehabilitation Act of 1973, as amended. The Act authorizes the allocation of federal funds to states on a formula basis and mandates that each state provide VR services to all eligible persons with disabilities. If a state is unable to serve all those eligible, it must develop an Order of Selection (OOS) and first serve those with the most severe disabilities. Maine is one of 36 states operating under an OOS.

BRS' DVR and DBVI divisions represent the majority of funds spent and clients served by the Bureau. Approximately 11,000 individuals are served annually by DVR and DBVI.

DVR provides general vocational rehabilitation services to individuals with disabilities. DBVI provides vocational rehabilitation services to persons who are blind or visually impaired. DVR services are provided at 10 offices throughout the state, and DBVI provides services at 7 locations. Six of these are shared with DVR.

In FY 2006, BRS' budget for DVR and DBVI was $27.5 million. Over $15 million of this budget comes from one federal grant matched by state funds at a ratio of 78.7% federal and 21.3% state. The Bureau also receives several smaller federal grants, program income from the Social Security Administration and state allocations.

This review is currently in progress

2006

November ~ SR-BRS-06

Review: Expenditures for Clients at the Bureau of Rehabilitation Services

A responsibility of Maine's Department of Labor

Review Question

Are internal controls adequate to assure that expenditures for clients are appropriate, reasonable, properly approved and accounted for?

Discussion

According to federal grant regulations, to be eligible for vocational rehabilitation (VR) services from a state VR agency, a person must

- have a physical or mental impairment that substantially impedes employment;
- be able to benefit from VR services in terms of employment; and
- require VR services to prepare for, enter, engage in, or retain employment.

BRS provides comprehensive rehabilitation services beyond those found in routine job training programs. Services may include: work evaluation services, assessment for and provision of assistive technology, job counseling services, and medical and therapeutic services.

The process begins with an eligibility determination. Eligible individuals work with a VR counselor to develop an Individual Plan for Employment (IPE). Once IPEs are in place, BRS contracts with local service providers for appropriate services and goods that support the IPE. Cases are successfully closed after the individual has attained employment consistent with their IPE and maintained the job for 90 days.

Expenditures for DVR and DBVI totaled $24.1 million in FY 2006. Approximately 29%, or $6.9 million, was from Maine's general fund. Over $10 million dollars were spent on client services representing just under 50% of DVR's and 40% of DBVI's expenditures respectively.

OPEGA noted the following previously existing concerns related to BRS finances:

- The State Audit Department has repeated Single Audit findings over successive years related to compliance with the federal grant.

- A comprehensive review of the Bureau's financial management system, conducted in 2004 by an independent contractor hired by BRS, resulted in 38 recommendations for improvements in internal controls. Many of the recommendations addressed weaknesses in procurement and expenditure policies, procedures and practices. BRS reports implementing 27 of these recommendations to date.
- An accumulated $2 million deficit required an emergency allocation of supplemental general funds in 2005. The deficit was apparently related to accumulated charges that dated back to BRS' move from the Department of Education to Labor in 1996.

OPEGA's preliminary research also identified potential concerns in other areas ranging from staff retention and recruitment to service consistency and compliance, declining successful case closures, use of information technology, the impact of changing client demographics and the need for coordination with other State agencies.

Given the significance of weaknesses in financial controls previously identified, and the magnitude of involved expenditures, this review will focus on BRS' controls over expenditures for client goods and services. Other areas of concern identified will be considered as potential topics for future OPEGA performance audits.

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