

OPEGA  
Performance  
Audit

FINAL  
REPORT



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**Bureau of Rehabilitation Services:  
Procurements for Consumers – Weak  
Controls Allow Misuse of Funds, Affecting  
Resources Available to Serve All Consumers**

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Report No. SR-BRS-06

a report to the  
**Government Oversight Committee**  
from the  
**Office of Program Evaluation & Government Accountability**  
of the Maine State Legislature

December  
**2007**

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## ABOUT OPEGA & THE GOVERNMENT OVERSIGHT COMMITTEE

The Office of Program Evaluation and Government Accountability (OPEGA) was created by statute in 2003 to assist the Legislature in its oversight role by providing independent reviews of the agencies and programs of State Government. The Office began operation in January 2005. Oversight is an essential function because legislators need to know if current laws and appropriations are achieving intended results.

Although the Maine Legislature has always conducted budget reviews and legislative studies, until OPEGA, the Legislature had no independent staff unit with sufficient resources and authority to evaluate the efficiency and effectiveness of Maine government. The joint legislative Government Oversight Committee (GOC) was established as a bipartisan committee to oversee OPEGA's activities. OPEGA's reviews are performed at the direction of the Government Oversight Committee. Legislators, committees, or members of the public should make their requests for reviews to members of the Committee or OPEGA directly.

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**EXECUTIVE SUMMARY**

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**Bureau of Rehabilitation Services: Procurements for Consumers  
— Weak Controls Allow Misuse of Funds, Affecting Resources Available to  
Serve All Consumers****Purpose**

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BRS provides VR services for Maine citizens with disabilities in accordance with the federal Rehabilitation Act of 1973.

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The Bureau of Rehabilitation Services (BRS) is located within the Department of Labor (DOL). Its mission is to provide full access to employment, independence and community integration for people with disabilities. The majority of Bureau expenditures are for vocational rehabilitation (VR) services. VR services are governed by the federal Rehabilitation Act of 1973 and are intended to assist disabled individuals in achieving gainful employment. BRS provides these services through the Division for the Blind and Visually Impaired (DBVI), which exclusively serves blind and visually impaired persons, and the Division of Vocational Rehabilitation (DVR), which serves all others.

Each year, approximately 11,000 VR cases are in open status at DVR and DBVI combined. In State Fiscal Year (SFY) 2006, DVR and DBVI spent \$10 million to procure a variety of goods and services for their consumers with the goal of helping them achieve employment.

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OPEGA sought to determine whether internal controls over procurements for consumers were adequate.

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Significant internal control weaknesses in BRS' procurement process had been noted in past audit reports by both the State Auditor and an independent consultant hired by BRS. BRS had worked to implement recommendations from these audits, but no comprehensive review had been conducted to gauge whether the internal control system had been sufficiently strengthened.

Given the past concerns and magnitude of expenditures involved, the Government Oversight Committee (GOC) directed the Office of Program Evaluation and Government Accountability (OPEGA) to determine whether internal controls for BRS VR programs are now adequate. OPEGA focused on current procurement processes and practices at DVR and DBVI, as well as transactions for SFY 2004 – 2006.

**Conclusion**

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OPEGA concluded controls are weak and found instances of misuse of funds.

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Despite actions taken by BRS to address past concerns, internal controls are still not adequate to assure expenditures for DVR and DBVI consumers are appropriate, reasonable, properly approved or accounted for. Consequently, OPEGA's review found instances of the misuse of funds, including apparent fraud.

# Findings and Action Plans

BRS and the Service Center have committed to significant actions to address OPEGA's findings.

OPEGA has noted a number of serious findings as a result of this audit. In response to these findings, BRS and the Security and Employment Service Center<sup>1</sup> devoted significant attention and resources to designing a complete system of internal controls that will adequately protect State resources while maintaining the integrity of BRS' mission and support its service improvement goals. BRS and the Service Center have committed to a variety of actions which OPEGA agrees should adequately address the concerns noted. These actions should also result in improved consumer outcomes and increased resources available to serve additional consumers.

Findings	Management Actions
<ol style="list-style-type: none"> <li>1. Weak control environment</li> <li>2. Instances of misuse of funds, including apparent fraud</li> <li>3. Inadequate policies and procedures to support proper stewardship of resources</li> <li>4. Inadequate separation of duties for purchase transactions</li> <li>5. Insufficient verification of expenditures</li> <li>6. Poor documentation to support expenditures</li> <li>7. Lack of computer controls</li> </ol>	<ol style="list-style-type: none"> <li>A. Implement revised procurement process by July 2008.</li> <li>B. Strengthen written policies and procedures by September 2008.</li> <li>C. Establish necessary computer controls in ORSIS<sup>2</sup> by Spring 2008.</li> <li>D. Implement redesigned case review system by January 2008.</li> <li>E. Initiate monitoring of ORSIS data to identify transactions or cases with risk indicators by March 2008.</li> <li>F. Conduct semi-annual Service Center audits of BRS procurement transactions beginning January 2008.</li> <li>G. Develop and conduct training programs for all employees by December 2008.</li> <li>H. Incorporate compliance with all fiscal and program requirements into performance reviews for all staff by June 2008.</li> <li>I. Complete comprehensive review, by February 2008, of other higher risk cases identified by OPEGA but not already examined in this review.</li> </ol>

We also observed that BRS may be able to increase resources available for all consumers by consistently asking consumers to contribute financially, if able, toward their own plans. In addition, centralizing the ORSIS computer servers could increase efficiency at BRS and reduce errors in ORSIS data.

For additional details, see the full OPEGA report.

<sup>1</sup> The Security and Employment Service Center is a unit of the Division of Financial and Personnel Services located within the Department of Administrative and Financial Services. It provides accounting and financial services support to BRS.

<sup>2</sup> The Office of Rehabilitation Services Information System (ORSIS) is the primary application supporting VR services. ORSIS is used for federal reporting, tracking consumer progress and case expenditures, budgeting and procurement.