

STATE OF NEVADA

Performance Audit

Department of Employment,
Training and Rehabilitation

Rehabilitation Division

2022



Legislative Auditor
Carson City, Nevada

Audit Highlights



Highlights of performance audit report on the Department of Employment, Training and Rehabilitation, Rehabilitation Division issued on January 12, 2023.

Legislative Auditor report # LA24-02.

Background

The Rehabilitation Division's (Division) mission is to promote barrier-free communities in which individuals with disabilities have access to opportunities for competitive, integrated employment, and self-sufficiency. Services include assessments, training, treatment, and job placement.

Adult Vocational Rehabilitation (VR) enables individuals with disabilities the opportunity to obtain meaningful competitive integrated employment. In 2014, the Division began expanding services to assist youth with disabilities overcome barriers and facilitate a successful transition into the workforce or post-secondary education.

The Division is primarily funded by General Fund appropriations and federal grants. Total revenue for fiscal year 2022 amounted to nearly \$43.3 million. Expenditures from the same time were approximately \$39.7 million. The Division provides services from 13 locations throughout the State.

Purpose of Audit

The purpose of the audit was to analyze whether the Division is performing sufficient outreach for the Pre-Employment Transition Services youth program and to determine if certain activities related to the approval and oversight of adult Vocational Rehabilitation programs are adequately monitored and approved.

The audit focused on the Division's activities related to adult and youth services in fiscal years 2020 and 2021. We also reviewed prior years' documentation back to 2009 to understand the entirety of services rendered on specific cases.

Audit Recommendations

This audit report contains eight recommendations to improve program planning and communication and enhance managerial oversight.

The Rehabilitation Division accepted the eight recommendations.

Recommendation Status

The Division's 60-day plan for corrective action is due on April 10, 2023. In addition, the 6-month report on the status of audit recommendations is due on October 10, 2023.

Rehabilitation Division

Department of Employment, Training and Rehabilitation

Summary

The Division lacks the necessary processes to adequately implement the Pre-Employment Transition Services (Pre-ETS) youth program. For example, the Division fell short of meeting youth spending requirements by an average of 5% since 2018 which may result in fewer funds available for adult services. Insufficient planning also left the Division unable to ensure program and financial requirements were met. As a result, youth with disabilities in rural communities lacked equitable access to resources as students in three rural school districts did not receive any Pre-ETS services, and nine others had minimal access to services. Additionally, some school districts indicated communication and Division responsiveness has been lacking. Finally, the Division does not keep adequate records for youth services. Without adequate program planning, increased communication, and data tracking, the Division is not able to maximize funding available, and youth with disabilities are not receiving necessary services.

The Division does not have strong oversight and outreach controls over the administration of VR services. Counselors did not review an average of 41% of open cases in accordance with grant requirements in fiscal years 2020 and 2021. Additionally, Individualized Plans of Employment (IPE) costs exceeded plan amounts without adequate approval in 56% of cases reviewed. Weak controls also may allow for the misuse of services by elderly clients to obtain hearing aids without an intention to work. Finally, the Division should improve outreach to underserved populations.

Key Findings

The Division is out of compliance with grant spending requirements. To bring spending into compliance, the Division would need to spend an average of \$814,000 more per year on Pre-ETS services or decrease adult services by an average of \$5.4 million per year. (page 7)

The Division has not adequately developed a service plan for Pre-ETS program delivery. Additionally, a lack of adequate program planning has impacted the distribution and quality of services rendered among Nevada counties. (page 8)

Some rural communities have limited, if any, services for youth, while others have more established programs. Three rural counties with high schools did not receive any Pre-ETS services in either fiscal year 2020 or 2021. Although the remaining rural school districts had services, the primary service offered was a virtual job shadow. (page 9)

The Division can increase services through enhanced collaboration and communication. School district staff were not aware of the full range of services or funding, and many school district staff expressed challenges in working with the Division. (page 12)

The Division does not have policies and procedures over accurately tracking key data points for Pre-ETS program delivery. Invoices submitted by school districts totaled approximately \$104,000 in fiscal year 2021; however, records in the Division's data management system totaled less than \$37,000. (page 13)

Thirty-three of the 80 (41%) client cases tested did not contain documentation that the clients' employment plan was reviewed or updated annually. IPE costs also exceeded plan amounts without adequate approval. Nine of the 16 (56%) cases reviewed exceeded planned spending amounts, and cases reviewed did not obtain the required supervisory approval. These nine cases totaled \$104,000 in additional spending over the level of supervisory approved amount. (page 15)

Division practices allowed elderly clients and vendors to potentially misuse services. Weak controls allowed elderly clients the opportunity to obtain hearing aids without providing documentation of employment. Further, the Division does not monitor vendors to prevent them from over referring clients to the Rehabilitation Division solely to receive services not covered by other means. (page 17)

Additional efforts are required to improve the equitability of services. Fewer Asian and Hispanic or Latino individuals obtained services when compared to the Nevada population. Additionally, Asian and Black or African American clients received less services when comparing the average cost per client. (page 17)

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This report contains the findings, conclusions, and recommendations from our performance audit of the Department of Employment, Training and Rehabilitation, Rehabilitation Division. This audit was conducted pursuant to the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This report includes eight recommendations to improve program planning and communication and enhance managerial oversight. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other state officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel Crossman".

Daniel L. Crossman, CPA
Legislative Auditor

December 6, 2022
Carson City, Nevada

Rehabilitation Division

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Introduction

Background

The Rehabilitation Division (Division) is part of the Department of Employment, Training and Rehabilitation. The Division's mission is to promote barrier-free communities in which individuals with disabilities have access to opportunities for competitive, integrated employment, and self-sufficiency. Services include assessments, training, treatment, and job placement.

The Division is comprised of the following three bureaus, and one program:

- Bureau of Vocational Rehabilitation (VR): Provides services to both adults and youths. The VR program offers individuals with disabilities services to prepare for and obtain meaningful competitive integrated employment consistent with their skills, abilities, and informed choice.
- Bureau of Services to Persons Who Are Blind or Visually Impaired: Helps individuals with vision disabilities make decisions about their future employment through evaluation and testing tailored to the participant's needs. The program also offers counseling and training to help individuals learn to maneuver safely with confidence.
- Bureau of Disability Adjudication: Evaluates applications from individuals with permanent disabilities to determine if they are eligible for federal supplemental security income or social security disability insurance.
- Business Enterprises of Nevada Program: Federal and state laws provide a priority right for individuals who are legally blind to operate food, beverage, and vending in federal, state, and local public buildings.

Staffing and Budget

The Division operates seven budget accounts and is primarily funded by General Fund appropriations and federal grants; however, some revenues from other sources are collected. Exhibit 1 shows the Division’s revenues and expenditures for the fiscal year 2022.

Revenues and Expenditures Fiscal Year 2022 **Exhibit 1**

Revenues	Amounts
Grants	\$33,426,349
Beginning Cash	2,923,221
Appropriations	2,908,891
Fees and Fines	1,580,201
Miscellaneous ⁽¹⁾	1,216,984
Transfers	758,578
Sales and Commissions	462,506
Total Revenues	\$43,276,730
Expenditures	
Operating	\$22,675,222
Program	12,001,205
Cost Allocation	4,884,874
Travel	72,310
Assessment	58,008
Total Expenditures	\$39,691,619
Difference	\$ 3,585,111
Less: Reversion to General Fund	(122,024)
Balance Forward to 2023	\$ 3,463,087

Source: State accounting system.

⁽¹⁾ Miscellaneous revenues include interest, loan repayments, cost allocation reimbursements, and credit card rebates.

As of May 2021, the Division had 304 total positions, of which 72 (23%) were vacant. The vacancies primarily include adjudicators and VR counselors. The Division provides services from 13 locations throughout the State, including Carson City, Elko, Ely, Fallon, Henderson, North Las Vegas, Sparks, and Winnemucca. Additionally, there are three offices in Las Vegas and two offices in Reno. Carson City serves as the administrative headquarters.

Vocational Rehabilitation

The VR program is designed to help people with disabilities become employed and to help those already employed perform more successfully through training, counseling, and other support methods. This includes any individual who has a physical or mental disability which constitutes a substantial impediment to employment. VR provides the following services:

- Vocational assessments;
- Career counseling and guidance;
- Training;
- Education;
- Job development;
- Job placement;
- Work readiness training;
- Medical treatment/restoration;
- Transportation; and
- Assistive technology.

The adult VR program begins with an assessment to determine a client's current abilities and how the client might benefit from services. Clients work with a counselor to create an employment plan which suits their needs. When necessary, counselors may refer clients to other agencies for resources, such as the Department of Health and Human Services. VR often collaborates with businesses to assess job sites and implement tools that will assist a client with successfully performing duties.

Youth Vocational Rehabilitation

To augment services to youth, Congress enacted the Workforce Innovation and Opportunity Act (WIOA) in July 2014. WIOA is a career exploration program for youth with disabilities ages 14 to 24. WIOA helps youth overcome barriers in transitioning into

post-secondary education or employment. The Division coordinates with school districts to provide the following Pre-Employment Transition Services (Pre-ETS):

- Job exploration counseling;
- Work-based learning experiences, which may include in school or after school opportunities, or work-related experience outside the traditional school;
- Counseling on opportunities for enrollment in postsecondary educational programs at institutions of higher education;
- Workplace readiness training to develop social and independent living skills; and
- Introduction to self-advocacy, including instruction in person-centered planning.

Appendix A provides more detailed descriptions of each youth program offered by the Division.

VR is a state and federally funded program. The federal grant requires a match of 21.3% from nonfederal sources. The program's actual match for fiscal years 2020 and 2021 was 24% and 28%, respectively. Exhibit 2 shows the funding sources for the VR grant, including types of nonfederal funds used to provide the state match.

Vocational Rehabilitation Grant Funding Sources Exhibit 2 State Fiscal Years 2020 and 2021

Funding Source	2020		2021	
	Amount	Percent	Amount	Percent
Federal Grant Funds	\$16,650,740	76%	\$ 9,471,630	72%
Nonfederal Funds	5,254,158	24%	3,674,928	28%
Totals	\$21,904,898		\$13,146,558	

Source of Nonfederal Funds	Amount	Percent	Amount	Percent
State General Fund	\$ 3,123,335	59%	\$ 2,440,340	66%
Business Enterprises of Nevada	1,209,883	23%	1,051,052	29%
Third Party Cooperative Agreements	885,526	17%	154,032	4%
Other Funds ⁽¹⁾	35,414	1%	29,504	1%
Totals	\$ 5,254,158		\$ 3,674,928	

Source: Division records and the state accounting system.

⁽¹⁾ Other funds include interest distributions and cost allocations.

Scope and Objectives

The scope of our audit included a review of Division activities related to adult and youth services in fiscal years 2020 and 2021. We also reviewed prior years' documentation back to 2009 to understand the entirety of services rendered on specific cases. Our audit objectives were to:

- Analyze whether the Division is performing sufficient outreach for the Pre-Employment Transition Services youth program.
- Determine if certain activities related to the approval and oversight of adult Vocational Rehabilitation programs are adequately monitored and approved.

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission and was made pursuant to the provisions of Nevada Revised Statutes 218G.010 to 218G.350. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with

independent and reliable information about the operations of state agencies, programs, activities, and functions.

Youth Program Planning and Communication Necessary to Maximize Grant Funding

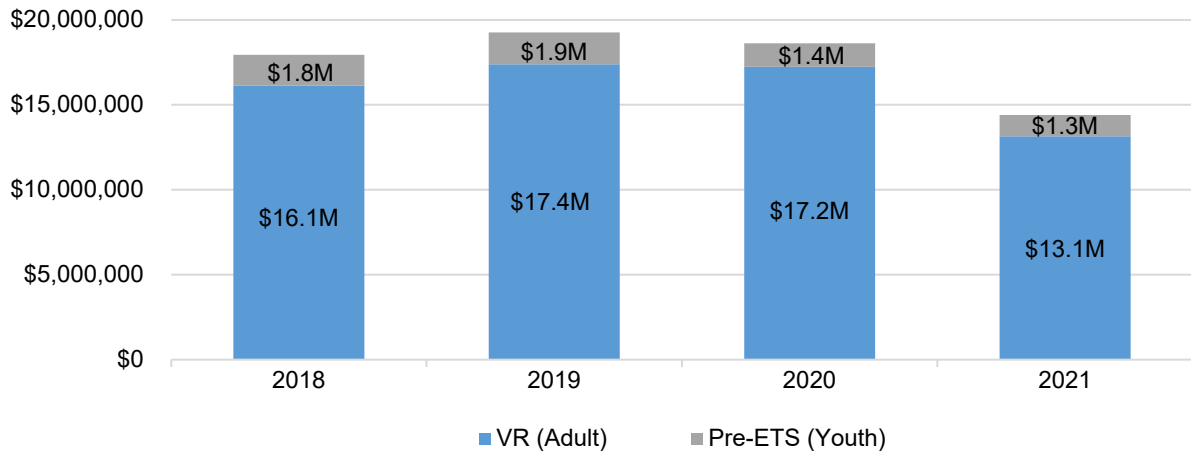
The Division lacks the necessary processes to adequately implement the Pre-Employment Transition Services (Pre-ETS) youth program. For example, the Division fell short of meeting youth spending requirements by an average of 5% since 2018 which may result in fewer funds available for adult services. Insufficient planning also left the Division unable to ensure program and financial requirements were met. As a result, youth with disabilities in rural communities lacked equitable access to resources as students in three rural school districts did not receive any Pre-ETS services, and nine others had minimal access to services. Additionally, some school districts indicated communication and Division responsiveness has been lacking. Finally, the Division does not keep adequate records for youth services. Without adequate program planning, increased communication, and data tracking, the Division is not able to maximize funding available, and youth with disabilities are not receiving necessary services.

Grant Spending Requirements Not Met

The Division fell short of meeting youth spending requirements by an average of 5% since 2018. To comply with grant requirements, the Division would need to decrease spending on adult clients by an average of \$5.4 million per year or increase Pre-ETS spending by an average of \$814,000 per year. The Vocational Rehabilitation (VR) grant requires the Division to expend at least 15% of the grant on qualifying Pre-ETS services. Exhibit 3 shows spending totals for adult VR and youth Pre-ETS services between fiscal years 2018 and 2021.

Vocational Rehabilitation Spending Fiscal Years 2018 Through 2021

Exhibit 3



Source: State accounting system.

The Division can provide many different services to meet the spending requirements. For instance, qualifying services include job exploration, work-based learning, counseling on post-secondary education programs, workplace readiness, and self-advocacy. Coordination activities, such as training, planning, and development of these services, are also qualifying activities for Pre-ETS spending.

Although there is a strategic plan guiding the Division in general, the Division can do more to develop a plan specifically addressing youth services. Through program planning, the Division would be equipped to identify opportunities for better and more equitable delivery which will increase services to youth.

Planning Impacts Service Delivery

The Division has not adequately developed a service plan for Pre-ETS program delivery to ensure services, program, and financial requirements are met. Additionally, a lack of adequate program planning has impacted the distribution and quality of services rendered among Nevada counties. The Division is striving to provide as many services as possible, but efforts could be more strategic, as some activities are not as beneficial as others.

To meet federal grant spending and match requirements, the Division should engage in a thorough program planning process. A tool, such as a logic model, would help program management identify the relationship between resources, activities, outputs, and

outcomes. This tool would assist program staff with planning, implementation, management, and evaluation of programs.

By engaging in a more robust planning process, the Division may also be able to streamline service delivery. For example, one of the states contacted by auditors established a statewide proposal request process for developing work-based experiences for youth. Another state created an online template specifically for collaborating with school systems. Augmented program planning is imperative to meeting grant requirements and improving services to youth throughout the State.

Some Rural Schools Are Underserved

Youth with disabilities in rural communities do not have equitable access to resources. Some rural school districts have limited, if any, services for youth, while others have more established programs. Three rural counties with high schools did not receive any Pre-ETS services in either fiscal year 2020 or 2021, including Lander, Lincoln, and Storey counties. Although the remaining rural school districts had services, the primary service offered was a virtual job shadow. The virtual job shadow is an online job exploration platform with a combination of videos, interactive tools, assessments, and real world exploration. Online education may not always be the most effective tool considering the population served; however, it is the only option available in many rural communities.

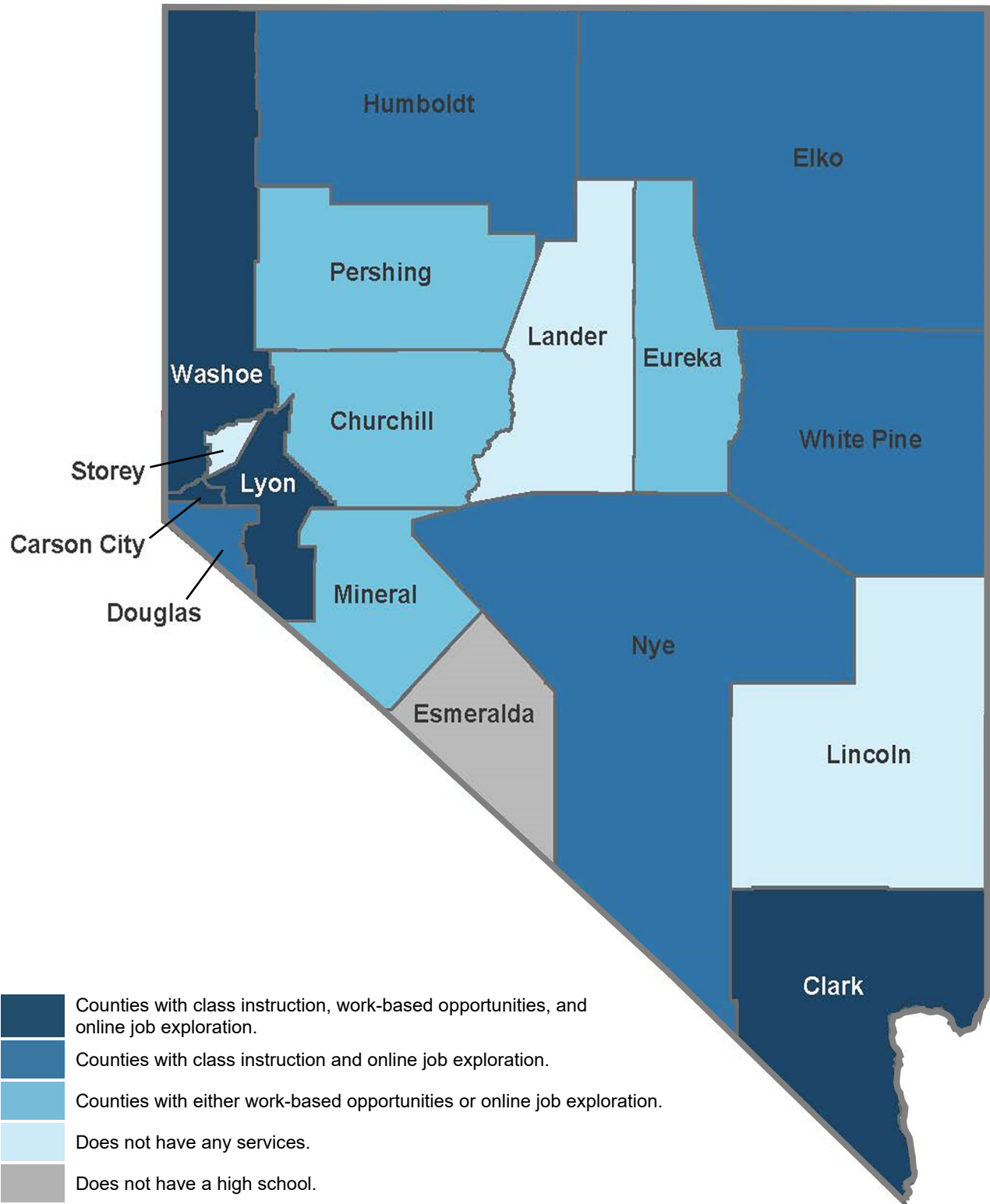
The United States Department of Education, Office of Special Education and Rehabilitation Services' Transition Guide to Postsecondary Education and Employment for Students and Youth With Disabilities recommends services focus on delivering curriculum in five areas with a significant emphasis placed on providing students with a wide variety of work-based experiences, such as internships and job shadowing.

Ideally services would focus on both instruction and job exploration as these provide more impactful results for youth with disabilities to thrive within the workforce. For instance, Lyon County School District provided both in-class instruction and in-person job shadows when permitted due to COVID-19 restrictions. Without adequate services, these individuals have diminished access to employment, education, training, and supportive services.

Even though some of these schools are in remote areas, the Division can provide better support through funding, resources, and curriculum. This is the practice in one rural school district with better quality services such as in-class instruction and job shadowing activities. Under the current system, some school districts do not have any services, while other school districts have less-effective services. Exhibit 4 provides a map of youth transition services offered by county.

Distribution of Pre-ETS Services By County

Exhibit 4



Distribution of Pre-ETS Services By County (continued)

County	Class Instruction ⁽¹⁾	Work-Based Opportunities	Online Job Exploration
Carson City	Yes	Yes	Yes
Clark	Yes	Yes	Yes
Lyon	Yes	Yes	Yes
Washoe	Yes	Yes	Yes
Douglas	Yes	No	Yes
Elko	Yes	No	Yes
Humboldt	Yes	No	Yes
Nye	Yes	No	Yes
White Pine	Yes	No	Yes
Churchill	No	No	Yes
Eureka	No	No	Yes
Pershing	No	No	Yes
Mineral	No	Yes	No
Lander	No	No	No
Lincoln	No	No	No
Storey	No	No	No
Esmeralda	N/A	N/A	N/A

Source: Auditor prepared using Division records from fiscal years 2020 and 2021.

⁽¹⁾ Class instruction includes: school instruction, camps, the Job Exploration and Expectation Program, the Vocational Opportunities for Inclusive Career Education Program, and Jobs for America’s Graduates participants.

Although the Division is meeting the requirement to have a formal interagency agreement with each school district, challenges to providing services to youth with disabilities persist. Developing a program plan and enhancing communication with school districts will enable the Division to provide more targeted and substantial services in underserved rural communities.

Better Communication Needed With School Districts

Pre-ETS Services at school districts throughout the State vary because the Division does not adequately communicate with Nevada school districts. In interviews with school districts, staff had mixed experiences working with the Division. Many staff at school districts expressed that communication has recently improved, while also conveying ongoing challenges. Discussions with staff at seven school districts throughout the state indicated challenges include:

- Division staff did not always respond to meeting requests.
- Division staff did not always attend scheduled meetings.
- One school district contacted was not aware of any in-classroom services offered by the Division.

- Several districts indicated they learned about services through discussions with staff at other school districts.
- School districts requested services but were told that certain services were not available to rural communities.
- School districts were not always aware of who to contact at the Division.

A majority of school districts contacted indicated a desire to increase collaboration with the Division for better service delivery. Some school districts also indicated that the Division is starting to be more responsive in recent months. For example, Division management presented at a statewide meeting for special education directors.

While the school districts expressed concerns with the Division's actions or lack of actions, this program relies on both entities being cooperative partners. According to the U.S. Department of Education's Transition Services Guide, providing transition services is a shared responsibility between the school and the Division. Building a strong working relationship is crucial for the program's success.

Data Tracking Necessary for Program Management

The Division does not have policies and procedures over accurately tracking key data points for Pre-ETS program delivery. For example, invoices submitted by school districts to the Division for payment of services provided totaled approximately \$104,000 in fiscal year 2021; however, records in the Division's data management system totaled less than \$37,000. Further, internal reports used to track the number of participants contained different participant counts compared to participant rosters.

Although staff recognized the importance of adequate record keeping, they also indicated they do not have the staffing to accurately track the number of clients. Grant requirements include an accurate reporting of the number of students with disabilities who are receiving Pre-ETS services. Without adequate controls over data tracking, management is ill equipped to make decisions to direct the program.

Recommendations

1. Develop a detailed program planning document, such as a logic model, for equitable and community tailored Pre-Employment Transition Services (Pre-ETS) program delivery that will assist the Division with increasing Pre-ETS spending to meet federal requirements and assure youth in rural districts receive adequate services. The Division should include school districts in the planning process.
2. Improve communication with all school districts regarding the services and methods available for program delivery in congruity with program planning.
3. Create policies and procedures to accurately track Pre-ETS services and participant data throughout the State.

Enhanced Controls Needed in Adult Vocational Rehabilitation Services

The Division does not have strong oversight and outreach controls over the administration of Vocational Rehabilitation (VR) services. Counselors did not review an average of 41% of open cases in accordance with grant requirements in fiscal years 2020 and 2021. Additionally, Individualized Plans of Employment (IPE) costs exceeded plan amounts without adequate approval in 56% of cases reviewed. Weak controls also may allow for the misuse of services by elderly clients to obtain hearing aids without an intention to work. Finally, the Division should improve outreach to underserved populations.

Additional Oversight Necessary

The Division lacks sufficient controls to ensure supervisors adequately monitor counselor activities. Counselors did not always document annual employment plan reviews with clients. Thirty-three of the 80 (41%) cases tested did not contain documentation that the client's employment plan was reviewed or updated annually. Additionally, counselors did not always obtain required supervisory approval when actual plan expenditures exceeded approved spending levels. Stronger controls over IPE annual reviews and total costs would help ensure clients are active in reaching stated outcomes and costs are appropriate.

Annual Review of Employment Plans Not Performed

Counselors must conduct and document reviews of IPEs at least annually according to federal requirements and Division policies and procedures; however, this did not always occur. We found 15% of the cases tested did not have an annual review in fiscal year 2020 or 2021. Annual reviews determine if clients require additional resources or services and help ensure clients are still working toward stated goals.

The Division has inadequate controls to ensure counselors perform annual reviews. Management indicated that the counselors are responsible for ensuring annual reviews are occurring. Management oversight for this function is limited to supervisors reviewing a few of each counselor's cases annually to determine if annual reviews are being performed. The results are incorporated into the counselor's performance evaluation.

While the Division's case management system generates a reminder for annual plan reviews, these notifications can be overlooked and easily neglected. Without annual reviews of the IPE, clients may not have the resources necessary to be successful in meeting goals and may not be making sufficient progress in achieving the identified employment outcome.

Counselors Approve Spending Outside Authorized Amounts

IPE costs exceeded plan amounts without adequate approval. Nine of 16 (56%) cases reviewed exceeded planned spending amounts and did not obtain the required level of supervisory approval. These nine cases totaled \$104,000 in additional spending over the supervisory approved amount. Proper approvals are necessary to ensure oversight of IPE plans, and that the Division is meeting client needs within the most cost efficient and effective manner possible.

Counselors identify and assign costs when developing IPEs with clients. Policies and procedures require approval for different tiers of plan costs. With some plans reviewed, the original plan costs did not require supervisory approval. However, spending over the course of the service period exceeded original planned amounts. For example, one case had a plan cost estimate of \$19,900, which was below the approved threshold of \$20,000. The final cost of the plan exceeded \$37,000, which would require approval from the Bureau Chief. However, the counselor did not obtain proper approval.

This occurred because the Division does not have a process to ensure that costs remain within authorizing spending amounts. Balancing IPE plan costs with client needs is especially important as the Division represented the possibility of limiting the number of clients served due to funding concerns.

Division Practices Allow Potential Misuse of Services

Division practices allowed elderly clients and vendors to potentially misuse services. For example, elderly clients may be obtaining services without intending to pursue employment. Fifteen clients between the ages of 72 and 86 obtained 1 or 2 sets of hearing aids from the Division in fiscal year 2020 or 2021. Only three clients provided evidence of employment, and many clients closed their cases without employment as an outcome after receiving hearing aids. Some elderly clients do not have other resources for obtaining hearing aids, since they are not covered by Medicare benefits.

Additionally, the Division does not monitor vendors to prevent them from over referring clients to the Rehabilitation Division solely to receive services not covered by other means. Of the approximately \$82,700 spent on hearing aids, about \$27,000 (33%) came from one provider in Washoe County. One provider serving 33% of the State is disproportionate for the State.

The Division appropriately serves elderly clients in accordance with grant guidelines; however, additional controls can help ensure clients and vendors are not taking advantage of Division services. Some services may not be in line with the purpose of the VR program, which is to assist clients with obtaining or retaining employment.

Although the Division has a policy for clients obtaining hearing aids, controls could be strengthened. For example, additional controls could include requiring employment documentation for clients looking to maintain employment, as well as monitoring whether vendors receive or refer a disproportionate percentage of services.

Improved Outreach May Benefit Underserved Populations

Additional efforts are required to improve the equitability of services. While WIOA prohibits discrimination based on race or ethnicity, Hispanic or Latino, and Asian populations are underrepresented in services provided compared to the Nevada population. Additionally, based on available Division data, the average cost per client is more than \$700 less than the average for Asian clients, and about \$500 less for Black or African American clients.

The Division recognizes that some populations are underserved but has not developed a strategy to reach and serve all minority populations. Some efforts the Division has recently begun includes hiring additional Spanish-speaking counselors and outreach to the Latin Chamber of Commerce. However, the Division's efforts do not address all inequities noted. As a result, certain minority populations are not accessing services at a rate proportional to their prevalence in the population.

Recommendations

4. Enhance supervisory oversight processes to ensure counselors perform and document reviews of Individualized Plans of Employment (IPE) at least annually from the date of the original IPE.
5. Establish controls over IPE plan approvals when spending exceeds planned amounts and established thresholds. Processes should include periodically reviewing system reports to ensure spending remains within approved amounts.
6. Enhance policies, procedures, and controls regarding elderly clients obtaining hearing aids to increase evidence and confidence that services delivered are in line with Vocational Rehabilitation program purposes.
7. Routinely monitor vendors providing services to identify if vendors are providing a disproportionate level of services.
8. Develop policies and procedures to continually identify underserved clients and implement strategies to ensure the equitable provision of services.

Appendix A

Pre-Employment Transition Services Programs

Program Title	Location	Description
Camps	In Person	The Division offers camps statewide where teachers provide instruction for: self-advocacy, work-based learning experiences, workplace readiness training, job exploration counseling, and counseling on post-secondary education.
Career Connect	In Person	Students with disabilities who have Vocational Rehabilitation (VR) cases can receive support services such as tutoring, transportation, and job shadowing. The program ended in 2020.
Jobs for America's Graduates	In Person	Jobs for America's Graduates (JAG) is a non-profit organization dedicated to serving youth who face significant challenges to help them reach economic and academic success. The Division funds qualifying activities. JAG empowers youth with skills and support to succeed in education, employment, and life.
Job Exploration and Expectation Program	In Person	Job Exploration and Expectation Program is a collaboration between the Division and Clark County School District. Students participate in rotations in various departments within their school.
Job Shadow Day	In Person 2020 Online 2021	In 2020, 1 to 2 clients spent a day learning about a job in person. Due to the COVID-19 pandemic, the clients met online to learn about different professions electronically.
Practical Assessment of Vocational Skills	In Person	Each participating school has a computer lab. Different job modules provide information on various professions. Module assessments determine how well the student understood the information.
Project SEARCH	In Person	There are four Project SEARCH sites in Clark and Washoe counties where students are exposed to medical, clerical, customer service, vehicle maintenance, housekeeping, and banquet services work.
School Instruction	In Person Online	Teachers provide instruction in: self-advocacy, work-based learning experiences, workplace readiness training, job exploration counseling, and counseling on post-secondary education.
Virtual Job Shadow	Online	Online job exploration platform with a combination of videos, interactive tools, assessments, and real world exploration.
Vocational Opportunities for Inclusive Career Education	In Person	Students travel to the VR office and receive classroom instruction and real-world work and life related experiences. Students receive instruction on how to ride a bus, plan for the day, and how to go through a job interview. The program ended in 2020.

Source: Auditor prepared using Division records and staff discussions.

Appendix B

Audit Methodology

To gain an understanding of the Rehabilitation Division (Division), we interviewed staff and reviewed statutes, regulations, and policies and procedures significant to the Division's operations. We also reviewed financial information, prior audit reports, budgets, legislative committee minutes, and other information describing the activities of the Division. In addition, we documented and evaluated internal controls related to the Division's processes for determining and approving participant services in its adult and youth Vocational Rehabilitation programs.

Our audit included a review of the Division's internal controls significant to our audit objectives. Internal control is a process effected by an entity's management and other personnel that provides reasonable assurance the objectives of an entity will be achieved. Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity. The scope of our work on controls related to determining and approving participant services included the following:

- Demonstrate commitment to integrity and ethical values; exercise oversight responsibility; establish structure, responsibility, and authority; and evaluate performance and enforce accountability (Control Environment);
- Define objectives and risk tolerances; and identify, analyze, and respond to risks (Risk Assessment);
- Design control activities; design information system control activities; and implement control activities through policy (Control Activities);

-
- Communicate internally (Information and Communication); and
 - Perform monitoring activities; and evaluate issues and remediate deficiencies (Monitoring).

Deficiencies and related recommendations to strengthen the Division's internal control systems are discussed in the body of this report. The design, implementation, and ongoing compliance with internal controls is the responsibility of agency management.

To determine if the geographic distribution of Pre-Employment Transition Services (Pre-ETS) program is equitable across Nevada school districts, we analyzed the distribution of youth program participants across Nevada. First, we obtained reports and randomly selected 5 of 588 cases from fiscal year 2020 and 5 of 474 cases from fiscal year 2021 to verify key data points between case documentation and the report of youth program participants. We then compared payment information to the state accounting system. We determined the report to be reliable for our intended purpose.

We also documented the number of students and the dollar value of each service offered by each program for each school district. We compared the results to the number of qualifying students in each school district to determine if services were equitable across Nevada school districts. We also discussed recruitment techniques and barriers with staff. Finally, we discussed Pre-ETS programming with seven school districts in Nevada.

Next, we identified the costs and benefits associated with services and recruitment techniques for Pre-ETS. We reviewed grant documentation and interviewed school district special education staff at seven school districts, Pre-ETS program administrators at three other states, as well as Division staff. We then compared regional coordinator activity reports with our cost-benefit analysis to determine if activities are consistent with best practices.

To identify if the Division is meeting grant requirements for Pre-ETS spending, we obtained reports from the state accounting system. We calculated the amount spent on Pre-ETS compared

to Vocational Rehabilitation (VR). Additionally, we reviewed information regarding match amounts and amounts spent on programs and determined if the Division is meeting requirements. Finally, we reviewed grant documentation and discussed spending requirements with staff.

To understand the Division's Pre-ETS planning process, we obtained a copy of the Division's strategic plan. We then discussed strategic and program planning with management and three other states.

To analyze if the Division kept adequate records in accordance with federal grant requirements, we compared all Pre-ETS invoices and participant rosters for fiscal years 2020 and 2021 to records and reports in the Division's data management system. We also compared internal reports to participant rosters provided by vendors and school districts to the Division. Additionally, we documented grant requirements and discussed results with staff.

We also reviewed activities related to the adult rehabilitation program. First, we determined if the Division performed and documented annual reviews of Individualized Plans of Employment (IPE). To determine if data was accurate and complete, we obtained a report of open VR cases and randomly selected 10 cases and verified the accuracy of information between the report and supporting documentation. For completeness, we randomly selected a total of 10 entries from fiscal years 2020 and 2021 intake logs and verified the clients existence in the report, which listed 2,360 active VR cases. We then randomly selected 80 cases. Next, we determined if the Division performed and documented annual reviews. We reviewed the Division's controls over this process and discussed issues with staff.

To analyze controls over approving IPEs, we obtained a report showing 2,360 active cases in fiscal years 2020 and 2021. To determine if the data was accurate and complete, we randomly selected a total of 10 cases from fiscal years 2020 and 2021 and verified the accuracy of information between the report and supporting documentation. For completeness, we randomly

selected a total of 10 entries from fiscal years 2020 and 2021 intake logs and verified existence in the report. For testing, we selected all 16 cases that required supervisory approval during our scope period. We reviewed cases and determined if counselors obtained proper approvals as outlined in Division policy. We then discussed our findings with applicable staff.

Additionally, we assessed controls over the application process for elderly clients. We reviewed case files for clients over the age of 72 to determine if they were obtaining hearing aids. We documented services received, employment status, and documentation obtained by the Division. We also reviewed grant requirements, internal policies and procedures, and discussed concerns with Division management.

To determine if VR total IPE costs were within planned amounts, we obtained a list of the 3,731 cases that had transactions in fiscal year 2020 or 2021. We tested the completeness and accuracy of data by randomly selected five cases from fiscal year 2020 and five cases from fiscal year 2021. We verified the accuracy of information between the listing and source documentation. For completeness, we randomly selected 10 transactions from the state accounting system and verified cases were included in the listing. Next, we identified cases where the paid to date amount exceeded plan cost amounts and calculated the total amount of overpayments. We also identified cases where counselors should have obtained supervisory approval. We reviewed the Division's case management system for documentation of supervisory approval or adjustments to the client's IPE. We discussed managerial oversight procedures with Division management.

Finally, we reviewed the distribution of age, gender, and/or race of VR cases. We obtained a report of active cases in fiscal years 2020 and 2021, which amounted to 1,893 and 1,574 cases respectively. To determine if the data was accurate and complete, we randomly selected 10 cases and verified the accuracy of information between the report and source documentation. We then randomly selected a total of 10 entries from fiscal years 2020 and 2021 intake logs and verified existence in the report. For testing, we reviewed data entries related to gender, race, and age

for reasonableness. We also obtained 2020 census data for Nevada. We compared the number and average dollar amount of services per case based on age, race, and gender to census data. We reviewed applicable federal laws and discussed our observations with staff.

We used nonstatistical audit sampling for our audit work, which for these analyses was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgement, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provided sufficient, appropriate audit evidence to support the conclusions in the report. We did not project the exceptions to the population.

Our audit work was conducted from May 2021 to June 2022. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In accordance with Nevada Revised Statutes 218G.230, we furnished a copy of our preliminary report to the Administrator of the Rehabilitation Division. On November 22, 2022, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix C, which begins on page 25.

Contributors to this report included:

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Deputy Legislative Auditor

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Appendix C

Response From the Rehabilitation Division



STEVE SISOLAK
GOVERNOR

ELISA P. CAFFERATA
DIRECTOR

DRAZEN ELEZ
ADMINISTRATOR

2022 LEGISLATIVE COUNCIL BUREAU (LCB) PERFORMANCE AUDIT
DETR/REHABILITATION DIVISION RESPONSE TO LCB AUDIT
DECEMBER 5, 2022

Dear Mr. Crossman,

Thank you for the opportunity to meet with your audit staff in pursuit of improving operations and compliance of the Department of Employment, Training and Rehabilitation (DETR), Rehabilitation Division. This LCB audit was conducted during May 2021 through June 2022 and for the period of State Fiscal Year (SFY) 2020 & 2021. During the time period which this audit covers, the DETR Bureau of Vocational Rehabilitation (VR) was struggling to continue working during the COVID-19 pandemic. At that time, DETR VR was deemed non-essential by Governor Sisolak, although the agency chose to remain open given the most difficult constraints and continued to serve their clients. School districts were mostly working from home or closed, and we were in a hiring freeze, essentially thwarting DETR VR's ability to hire for 12 vacancies out of 51 counselor positions. Lastly, DETR VR staff was working 100% from home, adjusting to providing counseling and guidance services virtually, which had never been done before. The DETR Vocational Rehabilitation accepts all of the audit team's findings and provides this response regarding the proposed recommendations.

Recommendation #1

Develop a detailed program planning document, such as a logic model, for equitable and community tailored Pre-Employment Transition Services (Pre-ETS) program delivery that will assist the Division with increasing Pre-ETS spending to meet federal requirements and assure youth in rural districts receive adequate services. The Division should include school districts in the planning process.

DETR Vocational Rehabilitation Division accepts this audit finding.

- The agency will develop a logic model and specific plans for delivery of Pre-ETS program services to ensure all areas of the state are adequately served (including all rural districts).
- In August of 2022, the agency started receiving technical assistance from the National Technical Assistance Center on Transition (NTACT-C). Through the collaboration with NTACT-C, DETR VR will receive recommendations and resources in order to improve its Pre-ETS program.
- Nevada DETR VR will continue refining our statewide Pre-ETS structure to emphasize focus on this subject area and to ensure agency resources are dedicated to this purpose.

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- DETR VR is working with the State Department of Education, Office of Inclusive Education to develop clearer and more focused State Education Agreements and Local Education Agreements with every school district to better define collaboration and Pre-ETS statewide.
- To improve Pre-ETS program delivery and meet federal spending requirements, the agency is seeking legislative approval to expand our Pre-ETS team in order to:
1) have adequate coverage throughout the state, 2) have greater reach to all the districts and 3) have capacity to be appropriately responsive to all school districts and to provide tailored opportunities and contacts in each district.
- To ensure unique needs of each school district are met and improve the quality of Pre-ETS services in local/district, DETR VR has directly funded Transition Coordinator positions in many school districts utilizing Pre-ETS funds. These Coordinators work for the school district and are funded by VR. This will increase service to those districts and improve reporting.
- DETR VR is participating in the State Education District Administrator's meeting at least annually to share program and Pre-ETS updates and introduce new programs and staff. This is to ensure school districts know who their Pre-ETS contacts are and are aware of current Pre-ETS opportunities available in their district. It is also an opportunity to hear from Directors what they need from DETR VR to better meet the needs of students with disabilities.
- In partnership with Nevada Department of Education, DETR VR has purchased Virtual Job Shadow licenses for every student with disabilities receiving public instruction in Nevada, ages 14+. These licenses were initially purchased in December 2018 and since renewed every year, most recently in October 2022. This provides a Pre-ETS resource to rural schools that would otherwise have limited access and ensures that every student with disabilities in Nevada has an opportunity for Pre-ETS exposure.
- PAES Labs (Practical Assessment Exploration System) are being purchased for districts/schools that have physical space and staff to administer the labs and provide Pre-ETS reporting back to the agency. These are especially impactful in rural communities that have limited Pre-ETS resources.

Recommendation #2

Improve communication with all school districts regarding the services and methods available for program delivery in congruity with program planning.

DETR Vocational Rehabilitation Division accepts this audit finding.

- DETR VR is working with the State Department of Education, Office of Inclusive Education to develop clearer and more focused State Education Agreement and Local Education Agreements with every school district to better define collaboration and Pre-ETS statewide.
- DETR VR is meeting monthly with State Department of Education, Office of Inclusive Education to improve communication and collaborate for increased congruity in the program.
- DETR VR has enhanced communication efforts to include a letter to every high school and middle school principal explaining VR services and Pre-ETS at the beginning of each school year.
- To ensure unique needs of each school district are met and improve the quality of Pre-ETS services in local/districts, DETR VR has directly funded Transition Coordinator positions in many school districts utilizing Pre-ETS funds. These Coordinators work for

the school district and are funded by DETR VR. This will increase communication and service to those districts and improve Pre-ETS reporting.

- DETR VR is participating in the State Education District Administrator's meeting at least annually to share program and Pre-ETS updates and introduce new programs and staff. This is to ensure school districts know who their Pre-ETS contacts are and are aware of current Pre-ETS opportunities available in their district. It is also an opportunity to hear from Directors what they need from VR to better meet the needs of students with disabilities.
- The agency has purchased Virtual Job Shadow licenses for every student with disabilities receiving public instruction in Nevada, ages 14+.
- DETR VR will host a Zoom quarterly VR Services chat with all the school districts in the state to increase consistent communication regarding available Pre-ETS and transition services to students with disabilities.

Recommendation #3

Create policies and procedures to accurately track Pre-ETS services and participant data throughout the State.

DETR Vocational Rehabilitation Division accepts this audit finding.

- DETR VR has implemented procedures for the appropriate assignment of Pre-ETS authorizations and services through its case management system, AWARE. This allows for the accurate tracking of Pre-ETS services being provided and the funds being used. These are necessary components to ensure the accurate collection and reporting of program and fiscal data on Federal performance reports, including the RSA-2 and RSA-911 reports.
- DETR VR has restructured the Pre-ETS team to ensure adequate oversight and increased management support is provided. Once the hiring freeze was lifted a vacant Rehabilitation Manager 1 was filled and organizational chart revised to give the Program Officer 3 (Statewide Transition Coordinator) supervision. In addition to moving the Rehabilitation Manager 1, an Administrative Assistant 1 was added to the team to provide administrative support which did not exist during the review years. These two restructuring moves helped improve data collection and entry, accuracy of reporting as well as program monitoring and supervision.
- Pre-ETS services were significantly impacted due to COVID requirements as that impacted the agency's access to students, due to the fact that students were adjusting to education from home with their primary schools. DETR VR had to redesign its service delivery model in a very short period of time to ensure that it would be flexible to exist in the pandemic world in which we were working.
- DETR VR funded three (3) additional contracted Transition Coordinators (total of six (6) Transition Coordinators) to assist schools with Pre-ETS delivery, assist the program with data tracking for ensuring service delivery, service quality and coordination and improve communication with schools and school districts.
- DETR VR added three (3) more Agency funded (via Pre-ETS) Transition Coordinators to be housed within rural school districts to also be additional staffing support for PAES labs and to ensure Pre-ETS reporting.

Recommendation #4

Enhance supervisory oversight processes to ensure counselors perform and document reviews of Individualized Plans of Employment (IPE) at least annually from the date of the original IPE

DETR Vocational Rehabilitation Division accepts this audit finding.

- DETR VR has requested a custom report be developed by Alliance (our case management system creator) to track, at the case level, the completion of Annual Reviews. Our Rehabilitation Supervisors will be the users of the report. They will use the report to monitor the completion of Annual Reviews for their subordinate Rehabilitation Counselors.
- DETR VR has rewritten counselor work performance standards to include Annual Reviews of IPEs to emphasize this task at the counselor performance level.
- DETR VR has rewritten Rehabilitation Supervisor work performance standards to measure supervisor performance based on counselor achievement of WPS goals.
- DETR VR case review instrument has been revised to create an independent question pertaining only to Annual Reviews. Previous versions of the document included IPE signature requirements with the topic of Annual Reviews.
- As Annual Reviews must only be signed by the counselor per federal regulations, DETR VR is redesigning this form to better align with those regulations and reduce administrative burden on our clients. DETR VR is working with Alliance to modify the Annual Review module in AWARE for this purpose.

Recommendation #5

Establish controls over IPE plan approvals when spending exceeds planned amounts and established thresholds. Processes should include periodically reviewing system reports to ensure spending remains within approved amounts.

DETR Vocational Rehabilitation Division accepts this audit finding.

- DETR VR is working with Alliance to develop a report to be used at the VR Supervisor level to monitor IPE spending at the case level to prevent overspending.
- DETR VR is putting system controls in place to prevent issuing authorizations over the plan limit. DETR VR is also working with the vendor and/or identifying funding source to pay for the upgrade to the system.
- Work with Alliance to enable the Vendor Module which will link counseling spending to contract limits, also an act to prevent overspending.
- The DETR VR Administrative team conducts a weekly IPE committee to review spending authority that exceeds defined thresholds for cost or complexity.

Recommendation #6

Enhance policies, procedures, and controls regarding elderly clients obtaining hearing aids to increase evidence and confidence that services delivered are in line with Vocational Rehabilitation program purposes.

DETR Vocational Rehabilitation Division accepts this audit finding.

- DETR VR will implement additional internal controls regarding hearing aids per the recommendations provided to increase evidence and confidence that services delivered are in line with VR program purposes.
- The cost of hearing aids will be declining due to the change in the federal law which states that hearing aids no longer require a prescription. They will now be over the counter requiring no oversight for purchase. This may lower the price and reduce referrals to VR for this purpose.
- DETR VR will revise its current hearing aid consultation request to address repeat purchases and to ensure the requested hearing aids will meet participants' vocational need.
- If a potential client has a job at application and needs a hearing aid to keep the job, DETR VR collects details about their employer for successful closure per federal case closure requirements.
- DETR VR is required by federal regulations and VR Professionals Code of Ethics not to assume intent of clients with disabilities seeking services, but to assess whether the disability they have presents impediment to employment.
- Per the Rehab Act, DETR VR is prohibited from considering the following factors in the determination of eligibility of an individual with a disability and/or the provision of VR services:
 - o The cost of requested services
 - o The age of the individual seeking services
 - o The nature and scope of requested services
- DETR VR can only restrict access to our services to the extent which federal regulations allow us to, adding additional restrictions could put agency at a legal liability.

Recommendation #7

Routinely monitor vendors providing services to identify if vendors are providing a disproportionate level of services.

DETR Vocational Rehabilitation Division accepts this audit finding.

- DETR VR will track vendor authorizations and spending through AWARE and DAWN. Detailed reports will be provided to the Deputy Administrator of Programs, Deputy Administrator of Operations, and the Bureau Chief quarterly.

- DETR VR will implement additional internal controls regarding the potential misuse of services by both vendors and clients to ensure VR services are not being taken advantage of.
- DETR VR will work with our case management system vendor (Alliance) to enhance systems capabilities in order to track vendor authority and ensure spending does not exceed contractual limits.
- DETR VR has no control over who refers clients and the intentions of the clients who apply. Recognizing that, DETR VR utilizes consultants to review hearing aid and dental procedures to ensure that all services are needed and appropriate. While DETR VR has limited vendors for certain services, which may result in most referrals going to a few vendors, DETR VR is working to procure more vendors and thereby prevent disproportionate levels of service.

Recommendation #8

Develop policies and procedures to continually identify underserved clients and implement strategies to ensure the equitable provision of services.

DETR Vocational Rehabilitation Division accepts this audit finding.

- DETR VR procures a Comprehensive Needs Assessment Survey/Report every 3 years from industry recognized professionals to evaluate the operations and effectiveness of the program. DETR VR will ensure that this aspect of the performance is evaluated.
- DETR VR will develop policies and procedures to continually identify underserved clients and implement strategies to address the shortfalls.
- DETR VR will conduct outreach to targeted communities, social & religious organizations.
- DETR VR will work to expand its social media and web-based presence to expand outreach and target underserved populations. DETR VR will also create targeted media campaigns to reach specific cultures and underserved communities.

If you have further questions or wish to have more information, please do not hesitate to contact Drazen Elez, Administrator of the DETR Rehabilitation Division, at d-elez@detr.nv.gov or at 702-486-0506.

Sincerely,

Drazen Elez

Drazen Elez, Administrator
DETR Rehabilitation Division

Rehabilitation Division's Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Develop a detailed program planning document, such as a logic model, for equitable and community tailored Pre-Employment Transition Services (Pre-ETS) program delivery that will assist the Division with increasing Pre-ETS spending to meet federal requirements and assure youth in rural districts receive adequate services. The Division should include school districts in the planning process	<u>X</u>	<u> </u>
2. Improve communication with all school districts regarding the services and methods available for program delivery in congruity with program planning	<u>X</u>	<u> </u>
3. Create policies and procedures to accurately track Pre-ETS services and participant data throughout the State	<u>X</u>	<u> </u>
4. Enhance supervisory oversight processes to ensure counselors perform and document reviews of Individualized Plans of Employment (IPE) at least annually from the date of the original IPE	<u>X</u>	<u> </u>
5. Establish controls over IPE plan approvals when spending exceeds planned amounts and established thresholds. Processes should include periodically reviewing system reports to ensure spending remains within approved amounts	<u>X</u>	<u> </u>
6. Enhance policies, procedures, and controls regarding elderly clients obtaining hearing aids to increase evidence and confidence that services delivered are in line with Vocational Rehabilitation program purposes	<u>X</u>	<u> </u>
7. Routinely monitor vendors providing services to identify if vendors are providing a disproportionate level of services	<u>X</u>	<u> </u>
8. Develop policies and procedures to continually identify underserved clients and implement strategies to ensure the equitable provision of services	<u>X</u>	<u> </u>
TOTALS	<u>8</u>	<u> </u>