

COLORADO OFFICE OF THE STATE AUDITOR

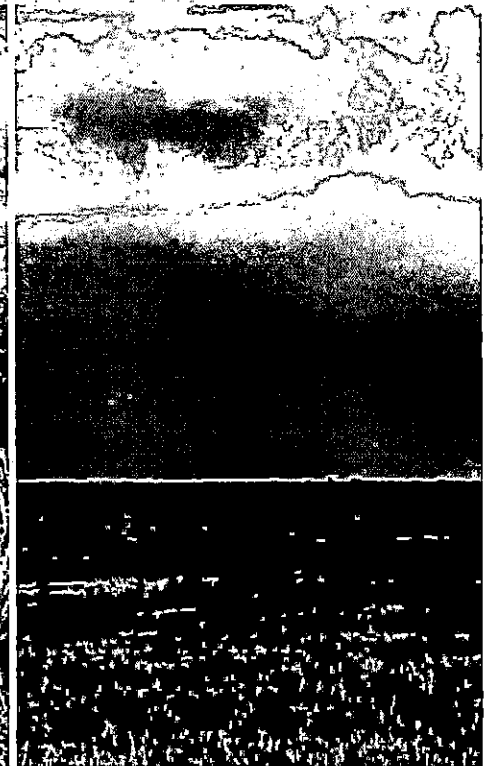
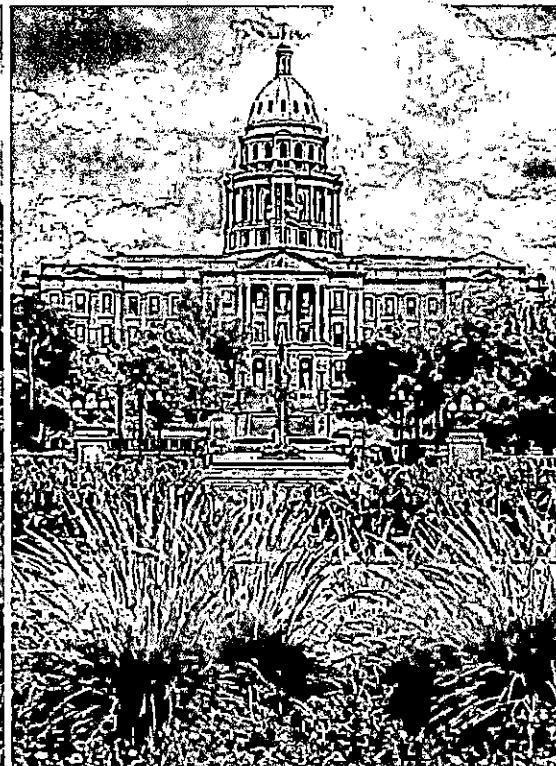
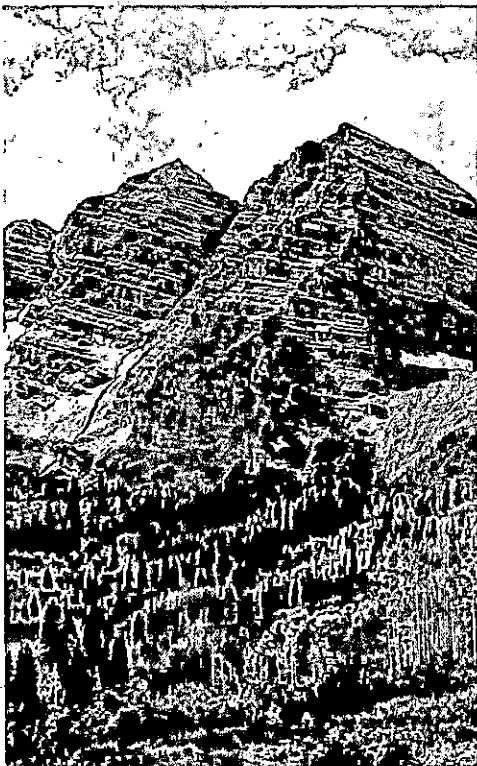


OSA

We Set the Standard for Good Government

STATE OF COLORADO

STATEWIDE SINGLE AUDIT FISCAL YEAR ENDED JUNE 30, 2014



FEBRUARY 2015

FINANCIAL AUDIT

THE MISSION OF THE OFFICE OF THE STATE AUDITOR
IS TO IMPROVE GOVERNMENT
FOR THE PEOPLE OF COLORADO

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OFFICE OF THE STATE AUDITOR
303.869.2800

PLEASE REFER TO REPORT NUMBER 1401F WHEN REQUESTING THIS REPORT

2013-50	<p>Improve its oversight of the Division of Vocational Rehabilitation (Division) and management and administration of the Vocational Rehabilitation Program (Program) by (a) establishing and implementing a plan for conducting ongoing monitoring of the Division's performance to ensure the Division accomplishes its duties and responsibilities to administer the Program; and is accountable to the Department. The plan should include following up on the Division's progress in implementing external audit recommendations from the Office of the State Auditor to ensure implementation is timely and effective; (b) ensuring Division compliance with applicable federal regulations, state statutes and rules, and Department and Division policies. This should include reviewing federal regulations, state statutes and rules; and Department policies to identify inconsistencies and areas for statutory and policy clarification; working with the General Assembly, as needed, to clearly specify the role and responsibilities of the Division and help ensure it accomplishes the purposes intended by federal regulations and state laws; and revising Division policies, procedures, and staff training to provide clear guidance on the purpose and scope of the Program; and (c) determining the record keeping and reporting capabilities needed in the Accessible Web-Based Activity and Reporting Environment (AWARE) system and developing and implementing a system project plan to provide to either the Office of Information Technology or the AWARE vendor to implement any necessary system changes. This review and plan should include a method for extracting historical Program data.</p>	<p>A. IMPLEMENTED AND ONGOING: THE DEPARTMENT HAS SUBSTANTIALLY IMPLEMENTED THIS PART OF THE RECOMMENDATION BY CREATING AND IMPLEMENTING A PLAN FOR CONDUCTING ONGOING MONITORING OF THE DIVISION'S PERFORMANCE TO ENSURE PROGRAM ADMINISTRATION AND ACCOUNTABILITY. THIS PLAN INCLUDES REVIEW OF THE DIVISION'S CORRECTIVE ACTION PLAN TO ENSURE THE DEPARTMENT WILL TIMELY AND EFFECTIVELY IMPLEMENT THE RECOMMENDATIONS.</p> <p>B. DEFERRED: THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>C. DEFERRED: THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>MATERIAL WEAKNESS:</p>
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2013-51 Improve controls to ensure participants in the Vocational Rehabilitation Program (Program) reach their employment goals within reasonable time periods and federal and state funds are used prudently and efficiently by (a) establishing and implementing policies regarding reasonable time frames, such as 2 years for participants not seeking a degree and 5 years for degree-seeking participants, for participants to receive Program services, as allowed by federal regulations; (b) establishing and implementing methods to control Program costs. These methods should include setting reasonable thresholds for the costs of different types of Program services; instituting controls over authorizations and payments for academic training and tuition that limit the Program costs to in-state tuition or the equivalent; and recovering Program costs or discontinuing services for any participant who withdraws or is expelled from college or otherwise fails to reasonably meet the requirements in his or her Individualized Plan for Employment; (c) establishing and implementing an ongoing review process, such as at the Division of Vocational Rehabilitation level or by a special team of Department management and staff, to assess the appropriateness of continuing to serve participants who fail to meet employment outcomes and goals within the time frames and thresholds established in PARTS A and B above. This process should include implementing a methodology for reviewing and approving exceptions to the limitations, when reasonable, and noting participants who remain in the Program for extended periods without sufficiently progressing toward their goal of a reasonable time frame to meet their goal before Program services will end; and (d) establishing and implementing procedures to close cases, as appropriate, when participants fail to meet the reasonable time frame for meeting employment outcomes and goals, set in PART C above, after they have been notified of such case closure.

DEFERRED.

THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.

MATERIAL WEAKNESS.

<p>2013-52</p>	<p>Improve controls over service authorizations and payments for the Vocational Rehabilitation Program (Program) by (a) establishing and implementing policies and procedures requiring that the Program only authorize services that are needed to address participants' barriers to employment based on their documented disabilities and impairments; (b) establishing and implementing procedures that ensure staff authorize services before they are provided, obtain and document appropriate supervisory approvals, pay only the amounts that have been authorized, and maintain Service Authorization forms in the case files; (c) developing and implementing comprehensive written policies and procedures over the Program's payment process that includes requirements for maintaining documentation that supports the payment amount and purpose, ensuring service authorizations match the payments made, and approving and verifying the receipt of services and goods. In addition, the policies and procedures should define the lowest available usual and customary rates, specify clear restrictions and parameters for purchases, and include written guidance for staff to follow when reviewing and approving payments; (d) using the federal or state mileage reimbursement rate as specified by State Fiscal Rules when calculating a participant's mileage reimbursement; (e) adequately segregating staff duties within the payment process. Specifically, the Department should ensure that individuals who authorize and approve services and goods are segregated from the processing of payments and do not directly receive vendor or participant receipts or invoices. The Department should also ensure direct reports are not approving payments for their supervisors; (f) establishing and implementing processes to monitor service authorizations and associated payments to ensure that services are authorized before the participant receives the services and that payments for services do not exceed the amounts authorized. This should include a post-payment review procedure that reviews a sample of payments at least annually and mechanisms for revising policies and procedures as necessary based on patterns of errors identified during the annual review; and (g) training Program staff on accounting controls and payment policies and procedures.</p>	<p>A DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>B IMPLEMENTED AND ONGOING. THE DEPARTMENT HAS SUBSTANTIALLY IMPLEMENTED THIS PART OF THE RECOMMENDATION BY UTILIZING NEW BILL PAYMENT CONTROLS INCLUDING A NEWLY DEVELOPED BILL PAYMENT REVIEW FORM; AND ENSURING STAFF ARE FOLLOWING AUTHORIZATION, PROCUREMENT, AND PAYMENT POLICIES; AND KEEPING THE AUTHORIZATION AND ALL SUPPORTING DOCUMENTS IN THE SERVICE RECORD.</p> <p>C DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>D IMPLEMENTED.</p> <p>E IMPLEMENTED.</p> <p>F DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>G DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>MATERIAL WEAKNESS.</p>
<p>2013-53</p>	<p>Strengthen controls over Vocational Rehabilitation Program (Program) eligibility determinations and documentation by (a) establishing and implementing a written policy and procedure requiring counselors to obtain documentation of the applicant's disability from an appropriate medical professional and maintain documentation of the disability in the case file, (b) establishing and implementing a written policy and procedure requiring ongoing supervisory reviews to ensure that Program staff comply with eligibility and documentation requirements; and (c) providing Program staff training, as determined appropriate, that assists in ensuring that staff are aware of and comply with federal and state eligibility and documentation requirements.</p>	<p>DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>MATERIAL WEAKNESS.</p>

<p>2013-54</p>	<p>Improve Vocational Rehabilitation Program (Program) processes for conducting assessments to determine participant employment goals and completing the participant Individualized Plan for Employment (Plan) by (a) establishing and implementing written policies and standardized processes for completing, and documenting, the comprehensive assessment, (b) providing training to Program field office staff on policies and processes for completing the comprehensive assessment and employment Plan, and (c) implementing a supervisory review process over counselors' comprehensive assessments and the creation of participant employment Plans to ensure that all factors required to determine participant employment goals are fully documented and that Plans are signed, and completed in compliance with Division of Vocational Rehabilitation policies.</p>	<p>A & B DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THESE PARTS OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>C IMPLEMENTED AND ONGOING. THE DIVISION HAS IMPLEMENTED A SUPERVISORY REVIEW PROCESS OVER COUNSELORS' COMPREHENSIVE ASSESSMENTS AND THE CREATION OF PARTICIPANT EMPLOYMENT PLANS.</p> <p>MATERIAL WEAKNESS.</p>
<p>2013-55</p>	<p>Improve Vocational Rehabilitation Program (Program) controls and processes for using comparable services and benefits to cover, in whole or part, the costs of Program services, as required by federal regulations by (a) implementing written policies and procedures for identifying and maintaining updated information on available comparable services and benefits for the range of services that the Program provides and ensuring the information is accessible to all applicable field office staff; (b) establishing a target time frame in written policy for field office staff's search for comparable services and benefits and staff's assistance to participants with the application for services through other programs; (c) clarifying policies to indicate that when a participant refuses to use comparable services and benefits, the participant shall be responsible for the costs of the services. The policy should address Program staff's related documentation requirements; and (d) providing training to field office staff on federal and Division of Vocational Rehabilitation requirements and processes for identifying and documenting comparable services and benefits. This training should include working with staff within other agencies with similar program services to obtain information on the comparable services and benefits that may be available to Program participants and processes for assisting participants in the application process for comparable services and benefits.</p>	<p>DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>MATERIAL WEAKNESS.</p>
<p>2013-56</p>	<p>Improve the process for determining participants' severity of disability for the Vocational Rehabilitation Program (Program) by establishing a consistent and accurate method for assessing the severity of disabilities for Program applicants, modifying policies to provide clear guidance and tools for determining the severity of disability level, requiring notification of disability severity level to participants in all cases, and incorporating a supervisory review of this assessment. This process should include evaluating the benefits of implementing a scoring or weighted system for determining severity of disability and ensuring that staff are adequately trained on the new policies and procedures.</p>	<p>DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>SIGNIFICANT DEFICIENCY.</p>

2013-57 Ensure compliance with federal and state case management requirements for the Vocational Rehabilitation Program (Program) by (a) implementing written policies specifying minimum requirements for communicating with unemployed participants, such as requiring counselors to contact these participants at least once every 30 days, and requirements for supervisory review of field office staff's case management activities and timely case closure when cases meet the closure criteria in policy and (b) providing training to Program field office staff on required documentation of case management activities, requirements for ongoing supervisory reviews of case management, and case closure procedures, including best practices for case management and documentation.

A DEFERRED.

THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.

B DEFERRED.

THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE OCTOBER 2014 IMPLEMENTATION DATE.

SIGNIFICANT DEFICIENCY.

2013-58	Ensure the Division of Vocational Rehabilitation develops and implements a written policy and strategy for managing the wait list for the Vocational Rehabilitation Program (Program) that include estimated time frame targets for serving wait-listed participants in each of the three disability categories, a supervisory review process to ensure staff follow wait list policies, and comprehensive methods for projecting Program expenditures and estimating available funding needed to begin serving individuals on the wait list.	<p>IMPLEMENTED AND ONGOING.</p> <p>THE DEPARTMENT HAS SUBSTANTIALLY IMPLEMENTED THIS RECOMMENDATION BY DEVELOPING AND IMPLEMENTING PROCEDURES TO MONITOR THE PROGRAM'S EXPENDITURES AND MANAGE THE PROGRAM'S WAITLIST. IN ADDITION, THE DEPARTMENT RELEASED OVER 2,000 INDIVIDUALS FROM THE WAITLIST AS OF JUNE 30, 2014.</p>
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2013-59 Improve the fiscal management of the Division of Vocational Rehabilitation (Division) and the Vocational Rehabilitation Program (Program) by (a) establishing and implementing a comprehensive budgeting process that includes procedures for estimating service costs for each participant in each fiscal year, and using the estimates to more accurately forecast Program expenditures in the current and future fiscal years; (b) ensuring that Division staff responsible for developing the Program budget and monitoring expenditures and revenues have expertise and training in state and federal budgeting processes and proper accounting and fiscal procedures; (c) implementing a process for Departmental review and approval of the Division's annual budget and routine Division reporting to Department management on the Program's estimated costs for participants, service authorizations, budget-to-actual costs, and expenditures-to-spending authority; and (d) implementing a regular Departmental review of Division expenditures until the Division can demonstrate full implementation of proper accounting controls. Once the Division demonstrates adequate controls, the Department should follow up and periodically review a sample of Division transactions to ensure ongoing compliance.

A IMPLEMENTED AND ONGOING.

THE DEPARTMENT AND THE DIVISION ESTABLISHED AND IMPLEMENTED A COMPREHENSIVE BUDGETING PROCESS DURING FISCAL YEAR 2014 THAT INCLUDES TOOLS FOR THE DIVISION TO ESTIMATE ANNUAL SERVICE COST PROJECTIONS BY USING HISTORICAL SPENDING DATA AND COST ESTIMATE DATA. THE DEPARTMENT USED THESE COST PROJECTIONS TO FORECAST PROGRAM EXPENDITURES DURING THE CURRENT FISCAL YEAR AND PLANS TO CONTINUE TO IMPROVE THIS PROCESS TO FORECAST EXPENDITURES IN FUTURE FISCAL YEARS.

B PARTIALLY IMPLEMENTED.

THE DEPARTMENT PROVIDED TRAINING ON FISCAL MANAGEMENT TO FISCAL STAFF DURING FISCAL YEAR 2014. IN ADDITION, THE DIVISION BEGAN THE HIRING PROCESS FOR A NEW DEPUTY DIRECTOR OF OPERATIONS BUT HAD NOT FILLED THIS POSITION BY THE END OF JUNE 2014. THE DIVISION INTENDS TO HIRE A NEW DIRECTOR WITH THE SKILLS TO SUFFICIENTLY OVERSEE THE DIVISION'S BUDGET AND FINANCES. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY JULY 2014.

C IMPLEMENTED AND ONGOING.

THE DEPARTMENT HAS REVISED ITS ANNUAL BUDGET PROCESS AND THE DEPARTMENT'S MANAGEMENT IS MONITORING THE BUDGET AND EXPENSES ON A MONTHLY BASIS VIA MONTHLY FISCAL MEETINGS.

D IMPLEMENTED AND ONGOING.

THE DEPARTMENT IMPLEMENTED A MONTHLY REVIEW OF DIVISION EXPENDITURES THROUGH IN-PERSON MEETINGS WITH REPRESENTATIVES FROM THE DEPARTMENT'S DIVISIONS OF FINANCIAL SERVICES, BUDGET & POLICY, AND AUDIT, AS WELL AS THE DIVISION DIRECTOR AND OTHER KEY STAFF FROM THE OFFICE OF COMMUNITY ACCESS AND INDEPENDENCE. BEGINNING IN FISCAL YEAR 2015 WITH THE IMPLEMENTATION OF THE STATE'S NEW ACCOUNTING SYSTEM, CORE, DEPARTMENT ACCOUNTING STAFF WILL REVIEW SUPPORTING DOCUMENTATION FOR ALL ACCOUNTING TRANSACTIONS PRIOR TO FINAL APPROVAL IN CORE.

DEFICIENCY IN INTERNAL CONTROL.

2013-60	<p>Improve controls over the Division of Vocational Rehabilitation's (Division) corporate accounts by (a) ensuring that the Division obtains an exception for the open charge accounts from the Department's procurement card administrator and the Department's controller or chief fiscal officer or discontinues the use of the corporate accounts; (b) establishing and implementing a process to monitor, reconcile, and resolve disputes in regards to charges on the corporate accounts. This process should include assigning responsibility for performing a monthly reconciliation of each account, obtaining copies of all account statements, ensuring that all charges on the account are appropriate and supported with receipts and invoices, and working with vendors to resolve charges noted on the statements that do not include authorization information; (c) ensuring that payments for the corporate accounts are made timely and by the payment due dates; and (d) limiting the number of employees at each field office who are approved to make purchases on the corporate accounts.</p>	<p>A IMPLEMENTED.</p> <p>B IMPLEMENTED AND ONGOING.</p> <p>THE DEPARTMENT ESTABLISHED AND IMPLEMENTED A REVIEW, RECONCILIATION, AND MONITORING PROCESS FOR ALL ACTIVE CORPORATE ACCOUNTS, WHICH INCLUDES THE ASSIGNMENT OF RESPONSIBILITY FOR RECONCILING THE ACCOUNTS, OBTAINING COPIES OF THE ACCOUNT STATEMENTS, ENSURING THE CHARGES ON THE STATEMENTS ARE APPROPRIATE AND SUPPORTED, AND WORKING WITH VENDORS TO RESOLVE ANY QUESTIONS OR DISPUTES.</p> <p>C IMPLEMENTED AND ONGOING.</p> <p>THE DIVISION STRENGTHENED PROCEDURES FOR MANAGING CORPORATE ACCOUNTS AND DEVELOPED A CHARGE ACCOUNT PROTOCOL DURING FISCAL YEAR 2014. DURING OUR AUDIT WE FOUND THAT THE CORPORATE ACCOUNT VENDORS IN OUR SAMPLE WERE PAID TIMELY.</p> <p>D PARTIALLY IMPLEMENTED.</p> <p>THE DEPARTMENT HAS PARTIALLY IMPLEMENTED THIS RECOMMENDATION BY BEGINNING TO LIMIT STAFF ACCESS TO THE CORPORATE ACCOUNTS AND BEGINNING TO CLOSE THE CORPORATE ACCOUNTS, WITH SEVEN ACCOUNTS CONTINUING TO BE USED BY THE PROGRAM STAFF AS OF JUNE 30, 2014. THE DIVISION PLANS TO CLOSE ALL CORPORATE ACCOUNTS AND UTILIZE THE STATE'S PURCHASING CARDS AS OF SEPTEMBER 30, 2014. THE DEPARTMENT PLANS TO FULLY IMPLEMENT THIS PART OF THE RECOMMENDATION BY OCTOBER 1, 2014.</p> <p>DEFICIENCY IN INTERNAL CONTROL.</p>
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- 2013-61 Improve controls over the use of federal and state funds and processes for reporting and addressing instances of suspected misuse of funds or property in the Vocational Rehabilitation Program (Program) by (a) developing and implementing policies and procedures for reporting instances of suspected misuse of funds or property. These policies and procedures should comply with federal regulations, State Fiscal Rules, and Department policy and include a policy specifying that, in circumstances of fraud, field office staff should stop services, thoroughly document the incident in the case file, and close the participant's case; (b) monitoring through supervisory review to ensure that instances of suspected misuse of funds or property are appropriately communicated to the Department's Audit Division and Department management in accordance with Department policy; (c) evaluating the necessity and appropriateness of providing direct payments to participants to purchase goods and services. If the Department determines that the practice of making direct payments should continue, it should strengthen controls, such as by limiting the dollar amount of the purchase(s), requiring supervisory approval of direct payments, and revising written policies and procedures accordingly; (d) providing direct access for the Accessible Web-Based Activity and Reporting Environment (AWARE) application to the Department's internal audit staff; (e) developing and implementing procedures for tracking the issuance, return, and reissuance of equipment purchased for participants. These procedures should include creating and maintaining a statewide tracking database of equipment purchased for participants and a requirement for attaching State-issued identification tags to the equipment; and (f) developing and implementing procedures to turn over recovery efforts to the Office of the Attorney General in a timely manner once Program staff have been unsuccessful at recovering State-owned equipment from participants.
- A DEFERRED.
THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.
- B IMPLEMENTED AND ONGOING.
THE DEPARTMENT HAS SUBSTANTIALLY IMPLEMENTED THIS PART OF THE RECOMMENDATION BY INCLUDING WITHIN THE DIVISION'S SUPERVISORY REVIEW PROCESS A COMPONENT TO ENSURE THAT CASEWORKERS ARE REPORTING INSTANCES OF SUSPECTED MISUSE OF FUNDS OR PROPERTY TO THE DEPARTMENT'S AUDIT DIVISION AND DEPARTMENT MANAGEMENT IN ACCORDANCE WITH THE DEPARTMENT'S POLICY.
- C DEFERRED.
THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.
- D IMPLEMENTED.
- E DEFERRED.
THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE DECEMBER 2014 IMPLEMENTATION DATE.
- F DEFERRED.
THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.
- MATERIAL WEAKNESS.

2013-62	<p>Improve its processes for assessing participants' contributions in the cost of vocational rehabilitation services by (a) implementing changes to the Division of Vocational Rehabilitation's (Division) policy manual to provide clear guidelines for calculating and documenting participant contributions. This should include procedures for documenting changes to participants' financial situations that occur between application and staff completion of the financial need analysis; (b) reviewing the Division's current methodology for calculating participants' financial need, including the cost-of-living allowance calculation, for appropriateness and making changes as deemed necessary; (c) instituting a supervisory review process to ensure that financial need analysis forms are completed correctly as required by Division policy, information used to complete the analysis form and calculating the participant's required contribution is properly documented, the participant's required contribution is documented in the Individualized Plan for Employment, and participants' required contributions are paid; and (c) reviewing the Division's policy and practice of using after-tax income for calculating participant contributions and determining whether gross income should be used for this calculation for consistency with other federal programs at the Department. If after-tax income continues to be used, then the Department should establish a documented methodology for calculating after-tax income.</p>	<p>DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>MATERIAL WEAKNESS.</p>
2013-63	<p>Improve methods for compensating Vocational Rehabilitation Program vendors by (a) discontinuing the practices of paying bonuses to vendors and paying the "successful job placement" fees prior to employment; (b) evaluating the fee schedule payment amounts allowed for regular job placement services to determine if the fees are appropriately structured to pay for the reasonable cost of providing those services and adjusting the fee schedule payment amounts as appropriate. This evaluation should include considering the implementation of a fee to compensate vendors for job placement assistance services they provide prior to a participant's employment; and (c) implementing reasonable time lines for vendors to follow when providing job placement services and for successfully placing a participant in an employment position, incorporating the time lines into each job placement vendor's Registration form and/or purchase order, and monitoring the timeliness of vendor compliance with the time lines. The Department should discontinue doing business with job placement vendors who do not consistently place participants in successful employment positions in a timely manner.</p>	<p>A IMPLEMENTED. B DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE. C DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>SIGNIFICANT DEFICIENCY.</p>

2013-64	Strengthen controls over Division of Vocational Rehabilitation administrative costs by implementing controls that ensure all transactions are properly supported by documentation, recorded properly in the Colorado Financial Reporting System (COFRS), approved by a supervisor of the staff who incurred the expense, and approved by the Office of Information Technology, if applicable.	IMPLEMENTED.
2013-65	Ensure that the Division of Vocational Rehabilitation's (Division) contract management processes and contracts comply with State Fiscal Rules, State Procurement Rules, and the State Controller's waiver by (a) executing standard and consistent contracts with all vendors who the Division anticipates it will pay \$20,000 or more a year; (b) establishing and implementing a Division policy and process to periodically review and update vendor contracts and obtain appropriate approvals for each contract template from the Office of the State Controller. This should include updating all Division contracts that have been in place 5 years or more and were executed prior to 2009; and (c) revising the Division's Vendor Registration Form to ensure it complies with State Fiscal Rules and reflects the language contained in the Division's standard contract template.	<p>A DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>B IMPLEMENTED.</p> <p>C IMPLEMENTED.</p> <p>DEFICIENCY IN INTERNAL CONTROL.</p>
2013-66	Ensure that all Division of Vocational Rehabilitation Services' purchases made with procurement cards comply with State Fiscal Rules and Department requirements for procurement cards, including obtaining a waiver from Department requirements when applicable. In addition, the Department should establish and implement policies and processes for authorizing and purchasing participant demonstration equipment, such as cell phones and computers, and document supervisory approvals of equipment purchases.	<p>DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>SIGNIFICANT DEFICIENCY.</p>
2013-67	Improve the Vocational Rehabilitation Program's (Program) annual quality assurance (QA) review process by (a) creating and implementing a policy requiring Division of Vocational Rehabilitation (Division) management and Program regional supervisors, field office supervisors, and field office counselors to review the deficiencies identified by the QA staff after each annual review is completed; (b) creating and implementing policies and procedures that require corrective action plans for cited deficiencies, a follow-up process for QA staff to ensure implementation of corrective action plans, and a process for including problems cited during the QA reviews in counselor performance reviews, as appropriate; (c) requiring QA staff to annually report the results of the corrective action plan process to Department and Division management; (d) implementing a process for the QA staff to verify that problems identified in QA reviews are addressed by annually following up on prior year deficiencies; and (e) implementing a Division process to analyze trends in deficiencies statewide, at least annually, to identify overall areas for improvement, such as areas for additional staff training and guidance.	<p>A DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>B DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE OCTOBER 2014 IMPLEMENTATION DATE.</p> <p>C-E DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THESE PARTS OF THE RECOMMENDATION BY THE JANUARY 2015 IMPLEMENTATION DATE.</p> <p>SIGNIFICANT DEFICIENCY.</p>

2013-68	<p>Ensure the Division of Vocational Rehabilitation (Division) strengthens its management of complaints by (a) establishing and implementing policies and procedures to ensure that all complaints are investigated and resolved in a timely manner. This should include developing a written description of the process; a prioritization method with time lines for investigating and resolving complaints, such as a method based on the severity of the allegations; and a time line for sending the complainant written notification of the resolution; (b) establishing and implementing policies and procedures for documenting complaints in a centralized Division database and requiring that Division data sufficiently detail the nature, timing, investigation, and final resolution of each complaint in a consistent manner; and (c) establishing and implementing policies and procedures for categorizing complaints, such as by topic, to facilitate meaningful analysis and analyzing the complaints logged in a centralized database at least annually to identify trends and taking appropriate action, such as through training or policy clarification, to address the problems.</p>	<p>A DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>B DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>C DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS PART OF THE RECOMMENDATION BY THE OCTOBER 2014 IMPLEMENTATION DATE.</p> <p>SIGNIFICANT DEFICIENCY.</p>
2013-69	<p>Improve backup and recovery processes for the Accessible Web-Based Activity and Reporting Environment (AWARE) system by (a) working with the vendor to encrypt backup files and send them to a secure off-site location that is not in the same physical location as the production system and (b) testing the system recovery plan on an annual basis and making updates to the plan as necessary.</p>	<p>DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE OCTOBER 2014 IMPLEMENTATION DATE.</p> <p>SIGNIFICANT DEFICIENCY.</p>
2013-70	<p>Ensure that each regional center facility that is licensed as an Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) is fully reimbursed by Medicaid for actual costs by (a) using the most current information available to make cost projections for the regional centers and calculating revised prospective Medicaid reimbursement rates for the ICF/IID-licensed facilities; (b) requesting retrospective adjustments to prior-year reimbursements using rates that are based on the regional centers' actual costs from the prior year as reflected in Medicaid cost reports; and (c) implementing a mechanism for staff other than those who perform the rate calculations to conduct comprehensive reviews of the methods and calculations for all proposed Medicaid reimbursement rate requests.</p>	<p>A IMPLEMENTED AND ONGOING. DHS WORKED WITH THE DEPARTMENT OF HEALTH CARE POLICY & FINANCING (HCPF) TO IMPLEMENT A METHOD TO USE CURRENT INFORMATION TO DETERMINE REGIONAL CENTER COSTS AND FOLLOWED THIS METHOD IN FISCAL YEAR 2014 TO CALCULATE MEDICAID REIMBURSEMENT RATES FOR THE ICF/IID-LICENSED FACILITIES. DHS AND HCPF WILL NEED TO FOLLOW THIS NEW RATE SETTING METHOD TO SET RATES ON AN ANNUAL BASIS.</p> <p>B IMPLEMENTED AND ONGOING. DHS IMPLEMENTED A NEW PROCESS TO REQUEST ADJUSTMENTS TO PRIOR-YEAR REIMBURSEMENTS BASED ON ACTUAL COSTS AND THEN REQUESTED RETROSPECTIVE RATES FOR FISCAL YEARS 2012 AND 2013 THAT WERE BASED ON ACTUAL COSTS AS REFLECTED IN MEDICAID COST REPORTS. THE DEPARTMENT WILL NEED TO FOLLOW THIS NEW PROCESS ANNUALLY TO REQUEST RETROSPECTIVE ADJUSTMENTS.</p> <p>C IMPLEMENTED.</p>
2013-71	<p>Ensure that the regional centers' Medicaid cost reports accurately report the number of resident days by updating its policies on managing census information to clarify which days should be reported on the cost reports and updating its procedures accordingly.</p>	<p>DEFERRED. THE DEPARTMENT PLANS TO IMPLEMENT THIS RECOMMENDATION BY THE JULY 2014 IMPLEMENTATION DATE.</p> <p>SIGNIFICANT DEFICIENCY.</p>