



VOCATIONAL REHABILITATION PROGRAM

Performance Audit, November 2013

Report Highlights



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PURPOSE

Assess whether the Department of Human Services' Division of Vocational Rehabilitation (the Division) ensures: (1) only those who are eligible for the Vocational Rehabilitation Program (the Program) are approved for services and the services that participants receive are reasonable and appropriate; (2) that participants achieve employment outcomes successfully; and (3) the Program is managed in a fiscally responsible and efficient manner.

BACKGROUND

- Colorado's Program helps unemployed and employed individuals with disabilities prepare for employment, enter employment, become more engaged in or satisfied with their occupation, and retain employment.
- The Program has 230 staff and 29 field offices in Colorado that provide a range of services to participants, including vocational counseling, job placement, tuition for higher education, and physical and mental health therapy, among many other services.
- During Fiscal Year 2013, Colorado's Program provided services and application assistance to 19,834 individuals and expenditures totaled about \$53.5 million.

OUR RECOMMENDATIONS

The Department should:

- Improve its oversight of the Division, the fiscal management and administration of the Program, and Program staff compliance with federal and state laws.
- Ensure Program participants reach their employment goals within reasonable time frames and public funds are used prudently and effectively.
- Improve controls over the Division's payments, corporate accounts, administrative expenses, and contract management.
- Improve controls to prevent misuse of Program funds and property and improve processes for reporting and addressing instances of suspected misuse.

The Department agreed with all these recommendations.

AUDIT CONCERN

We identified pervasive problems in the Program that raise questions about the Division's oversight, system of internal controls, and culture of accountability. We identified problems in each area we reviewed, resulting in 20 audit findings and recommendations and \$83,582 in known questioned costs. Overall, the Division has not established effective Program management practices to ensure that it carries out both its responsibilities under federal and state laws and its duty to taxpayers.

KEY FACTS AND FINDINGS

- In 83 (98 percent) of the 85 sampled participant case files we identified audit exceptions, including problems with participant eligibility, employment goal setting, service authorizations and payments, and case management.
- The Division has not ensured participants meet their employment goals in a timely manner nor has it limited the duration of their Program services. There was no evidence that eight sampled participants met their employment goals although they received Program services for 5 or more years. Fiscal Year 2013 participants had been in the Program for an average of 1.8 years, but the range was 2 weeks to 32 years.
- The Division has not established reasonable limits on the dollar amount or number of services participants may receive. The costs to serve each Program participant during Fiscal Year 2013 varied significantly, ranging from \$1 to \$114,000.
- The Division has not sufficiently contained Program costs or accurately forecasted, budgeted, and monitored expenditures. As a result of spending problems, during Fiscal Year 2013 the Division requested and received a \$5.5 million supplemental appropriation and implemented a wait list for Program services.
- The Division has not ensured purchases made on its corporate credit accounts are appropriate and necessary nor has it consistently paid the outstanding balances due. In 27 (90 percent) of 30 sampled transactions we identified \$13,837 in purchases and credits that appeared questionable, inappropriate, or were not authorized appropriately.
- Program field office staff identified three instances of participants' misusing Program funds or property totaling \$4,029 in Fiscal Year 2013 but staff did not report the instances to Department management, internal auditors, or the Division.
- In Fiscal Year 2013, the Program paid 82 vendors bonuses totaling about \$171,000 for placing participants in jobs. The bonuses were in addition to the \$340,000 in regular fee payments made to the same vendors for the same service.