

STATE OF COLORADO



Colorado Department of Human Services

people who help people

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John W. Hickenlooper
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Reggie Bicha
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June 30, 2014

Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, CO 80203

Dear Ms. Ray:

Dianne,

The Colorado Department of Human Services received your request dated May 6, 2014 to report on the implementation status of audit recommendations contained in the November 2013 *Vocational Rehabilitation Program Performance Audit*. The enclosed status report provides a brief description of the actions taken by the Department to implement each recommendation, including certain revised implementation dates, as is more thoroughly explained within the "Detail of Implementation Status" section of the status report.

If you have questions related to the status report, please contact Joelle Brouner at (303) 866-4886 or joelle.brouner@state.co.us. Department representatives will attend the August 25, 2014 Legislative Audit Committee hearing to present the enclosed status report.

Sincerely,

Nikki Hatch
Deputy Executive Director

Enclosure

cc: Reggie Bicha, Executive Director
Viki Manley, Director, Office of Community Access and Independence
Melissa Wavelet, Director, Office of Performance and Strategic Outcomes
Sarah Aurich, Deputy Director, Office of Community Access and Independence
Joelle Brouner, Director, Division of Vocational Rehabilitation
Charissa Hammer, Director, Audit Division
Mette Boes, Internal Audit Manager

AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Vocational Rehabilitation Program, Performance Audit, November 2013

AUDIT NUMBER: 1338P

DEPARTMENT: Department of Human Services

DATE: June 30, 2014

SUMMARY INFORMATION

Rec. Number	Agency's Response	Original Implementation Date	Implementation Status	Revised Implementation Date (If applicable)
1a	Agree	March 2014	Implemented and Ongoing	
1b	Agree	July 2014	Partially Implemented	
1c	Agree	November 2014	Partially Implemented	
2a	Agree	July 2014	Partially Implemented	
2b	Agree	July 2014	Partially Implemented	
2c	Agree	July 2014	Partially Implemented	
2d	Agree	July 2014	Partially Implemented	
3a	Agree	July 2014	Partially Implemented	
3b	Agree	April 2014	Implemented and Ongoing	
3c	Agree	July 2014	Partially Implemented	
3d	Agree	December 2013	Implemented	
3e	Agree	April 2014	Implemented and Ongoing	
3f	Agree	July 2014	Partially Implemented	
3g	Agree	July 2014	Partially Implemented	
4a	Agree	July 2014	Partially Implemented	
4b	Agree	July 2014	Partially Implemented	
4c	Agree	July 2014	Partially Implemented	
5a	Agree	July 2014	Partially Implemented	
5b	Agree	July 2014	Partially Implemented	
5c	Agree	April 2014	Implemented and Ongoing	
6a	Agree	July 2014	Partially Implemented	
6b	Agree	July 2014	Partially Implemented	
6c	Agree	July 2014	Partially Implemented	
6d	Agree	July 2014	Partially Implemented	
7	Agree	July 2014	Partially Implemented	
8a	Agree	July 2014	Partially Implemented	
8b	Agree	October 2014	Partially Implemented	
9	Agree	February 2014	Implemented and Ongoing	
10a	Agree	January 2014	Implemented and Ongoing	
10b	Agree	April 2014	Implemented and Ongoing	
10c	Agree	April 2014	Implemented and Ongoing	
10d	Agree	January 2014	Implemented and Ongoing	
11a	Agree	January 2014	Implemented and Ongoing	
11b	Agree	January 2014	Implemented and Ongoing	

Rec. Number	Agency's Response	Original Implementation Date	Implementation Status	Revised Implementation Date (If applicable)
11c	Agree	January 2014	Implemented and Ongoing	
11d	Agree	January 2014	Partially Implemented	October 2014
12a	Agree	July 2014	Partially Implemented	
12b	Agree	April 2014	Implemented and Ongoing	
12c	Agree	July 2014	Partially Implemented	
12d	Agree	Implemented	Implemented and Ongoing	
12e	Agree	December 2014	Partially Implemented	
12f	Agree	July 2014	Partially Implemented	
13a	Agree	July 2014	Partially Implemented	
13b	Agree	July 2014	Partially Implemented	
13c	Agree	July 2014	Partially Implemented	
13d	Agree	July 2014	Partially Implemented	
14a	Agree	February 2014	Implemented	
14b	Agree	July 2014	Partially Implemented	
14c	Agree	July 2014	Partially Implemented	
15	Agree	April 2014	Implemented and Ongoing	
16a	Agree	July 2014	Implemented	
16b	Agree	April 2014	Implemented	
16c	Agree	January 2014	Implemented	
17	Agree	July 2014	Partially Implemented	
18a	Agree	July 2014	Partially Implemented	
18b	Agree	October 2014	Partially Implemented	
18c	Agree	January 2015	Partially Implemented	
18d	Agree	January 2015	Partially Implemented	
18e	Agree	January 2015	Partially Implemented	
19a	Agree	July 2014	Partially Implemented	
19b	Agree	July 2014	Partially Implemented	
19c	Agree	October 2014	Partially Implemented	
20a	Agree	October 2014	Partially Implemented	
20b	Agree	October 2014	Partially Implemented	

DETAIL OF IMPLEMENTATION STATUS

Note: The Department of Human Services agreed with all of the audit recommendations.

RECOMMENDATION NO. 1:

The Department of Human Services (the Department) should improve its oversight of the Division of Vocational Rehabilitation (the Division) and management and administration of the Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 1, part a: Implemented and Ongoing.

Agency's Update: The Department completed organizational changes to include moving the Division of Vocational Rehabilitation (Division) under a new Department Office, the Office of Community Access and Independence, and implementing key personnel changes to address improved management and administration of the Division. A corrective action plan to address the 20 audit findings was drafted and finalized in February 2014, which included standard communication strategies for audit implementations. New performance management expectations for leadership staff have been determined to increase accountability, leadership training on culture and values has taken place, and supervisory oversight of expenditures and case quality has been strengthened through the implementation of Recommendations Nos. 9 and 10a. Additionally, the Division established a robust process for tracking the implementation status of all audit recommendations, including developing a team responsible for implementation of each recommendation. Each team is led by a champion and has developed a timeline and key milestones for each audit recommendation. The status of each recommendation is reported to Division and Department management monthly to ensure that implementation is on track.

- 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.

Current Implementation Status for Rec. No. 1, part b: Partially Implemented.

Agency's Update: The Division continues work on revised rules and has several policies in draft stage that address audit changes and general improvements for clarity and consistency. An analysis was completed to ascertain what policy changes would necessitate public input and/or State Rehabilitation Council input. Public input was provided on specific audit topics during the April 2014 Public Hearings and the State Rehabilitation Council continues to provide feedback on various policy drafts. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 1, part c: Partially Implemented.

Agency's Update: The Division continues to analyze record keeping and reporting capability options within AWARE, the program's case management system, in collaboration with the vendor, Alliance, as well as OIT and Department staff. A list of reports that cannot be generated in AWARE was completed to inform the process of determining the best options for retaining and producing historical data. The Division is currently examining the feasibility of a stand-alone

server or a modified AWARE system to retain historical data. This recommendation is on track for implementation by the planned due date of November 30, 2014.

RECOMMENDATION NO. 2:

The Department of Human Services (the Department) should improve controls to ensure participants in the Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 2, part a: Partially Implemented. **Agency's Update:** The Division reviewed other states' policies to examine the parameters used in other states' vocational program and sought technical assistance from the Rehabilitation Services Administration (RSA). The Division is in the final stages of reviewing regulations and incorporating information from our other state policy research and information from the RSA into the development of new policies. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 2, part b: Partially Implemented. **Agency's Update:** The Division is working on all four subparts of this audit recommendation, so it is concurrently examining other states' practices and regulations related to the recovery of funds from clients who do not complete their programs, thresholds for service costs, and limits on costs. The Division also examined AWARE controls for authorizations for high cost services, such as tuition. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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 notifying 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.

Current Implementation Status for Rec. No. 2, part c: Partially Implemented. **Agency's Update:** The Division is working on all four subparts of this audit recommendation, so it is concurrently examining other states' practices for reviews of service records for participants

who do not achieve employment outcomes within set timeframes. Additionally, the Division added supervisory reviews and quality assurance reviews to ensure that exceptions or limitations leading to extended lengths of service are clearly documented and approved, or actions taken to end services in situations where that is appropriate. Difficult cases can also be brought before the Field Services Group for discussion and problem solving. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 2, part d: Partially Implemented. **Agency’s Update:** The Division is working on all four subparts of this audit recommendation, so it is concurrently examining other states’ practices related to case closure when participants fail to meet reasonable timeframes for meeting employment outcomes. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 3:

The Department of Human Services (the Department) should improve controls over service authorizations and payments for the Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 3, part a: Partially Implemented. **Agency’s Update:** The Division drafted policies that ensure that all services authorized in the service plan are necessary to address barriers to employment and are appropriate given the participant’s disability or impairment. These policies are currently going through the internal clearance process. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 3, part b: Implemented and Ongoing. **Agency’s Update:** The Division is utilizing new bill payment controls to ensure and document, through a newly developed Bill Payment Review form, that staff are following authorization and procurement, and payment policies. The Division received clarification related to the filing of the authorization and staff has discontinued the process of holding a secondary, duplicate authorization in the hard copy service record while a payment is pending. Following the final payment on an authorization, the authorization and all supporting documents are required to be placed in the service record.

- 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.

Current Implementation Status for Rec. No. 3, part c: Partially Implemented. **Agency's Update:** The materials resulting from Recommendation No. 3 subparts "b" and "e" largely comprise the required implementation steps for this subpart. The Division is collaborating with its Operations Support Unit to define lowest and customary rates in the Fee Schedule. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- d. Using the federal or state mileage reimbursement rate as specified by State Fiscal Rules when calculating a participant's mileage reimbursement.

Current Implementation Status for Rec. No. 3, part d: Implemented. **Agency's Update:** The Division implemented the State mileage reimbursement rate for participants' mileage in December 2013. The Fee Schedule was updated with the new requirements, a standard mileage log was instituted for new mileage requests beginning in January 2014, and a training module was developed and disseminated to all staff.

- 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.

Current Implementation Status for Rec. No. 3, part e: Implemented and Ongoing. **Agency's Update:** The Division created a model segregation of duties in the program's service authorization and bill payment processes that meets accounting principles and maintains a streamlined and efficient set of business practices. A newly developed Bill Payment Review form clearly delineates the roles and responsibilities of the rehabilitation counselor, the client, the bill payer, and, when necessary, the supervisor. A new procedure outlines the service authorization and bill payment steps in detail and training for staff has taken place so that these newly developed measures are followed before the end of the current fiscal year. A factor in the delay of implementation was the need to obtain additional technical assistance to ensure that small, rural offices around the State can adequately follow the new procedures.

- 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.

Current Implementation Status for Rec. No. 3, part f: Partially Implemented. **Agency's Update:** The Division developed policy drafts to address controls over pre-authorization and authorization payments. The Division is also working to draft the post-payment review process to ensure that the policies are being followed. Training materials will also be developed once the policies are final. The Division will use information gained from its post-payment review to identify additional training needs for staff if errors are identified. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- g. Training Program staff on accounting controls and payment policies and procedures.

Current Implementation Status for Rec. No. 3, part g: Partially Implemented. **Agency’s Update:** The Division developed training content, as well as a diagram of the service authorization and bill payment processes. The training content will be delivered through “Go-To Training” so the archived version will be available for training new staff in the future. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 4:

The Department of Human Services should strengthen controls over Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 4, part a: Partially Implemented. **Agency’s Update:** The Division reviewed regulations, analyzed other states’ eligibility processes, and drafted a policy. The proposed changes have been reviewed by a focus group with internal and external representation, as well as with members of the Division’s Senior Leadership Team. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- b. Establishing and implementing a written policy and procedure requiring ongoing supervisory reviews to ensure that Program staff comply with eligibility and documentation requirements.

Current Implementation Status for Rec. No. 4, part b: Partially Implemented. **Agency’s Update:** The new Supervisory Review procedure was completed as part of Recommendation Nos. 9 and 10a. The Division drafted targeted questions for the monthly supervisory reviews to assess compliance with eligibility and documentation requirements. The compliance scores resulting from these reviews will be factored into annual performance reviews. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 4, part c: Partially Implemented. **Agency’s Update:** The Division drafted key points for the training document being produced by the Organizational Planning and Development Unit. The training is in development for a July 2014 roll-out. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 5:

The Department of Human Services should improve Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 5, part a: Partially Implemented. **Agency's Update:** The Division drafted policies, as well as a revised tool to document the comprehensive assessment process. The draft tool was sent to rehabilitation counselors to pilot. The Division met the third week in June to obtain feedback from the counselors that piloted the new assessment tool and will incorporate that feedback into the tool and process prior to final implementation. The policies and draft tool have been reviewed by the Division's Senior Leadership Team. Once finalized, the Division will put together training for rehabilitation counselors on the new policies and assessment tool and documentation standards associated with that tool. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- b. Providing training to Program field office staff on policies and processes for completing the comprehensive assessment and employment Plan.

Current Implementation Status for Rec. No. 5, part b: Partially Implemented. **Agency's Update:** The Division created training points for inclusion in the training document being produced by the Organizational Planning and Development Unit. The training is in development for a July 2014 roll-out. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 5, part c: Implemented and Ongoing. **Agency's Update:** The standardized supervisory review implemented as part of Recommendation Nos. 9 and 10a includes targeted questions regarding the quality of the comprehensive assessment process, or vocational goal development process, for clients. The compliance scores resulting from these reviews will be factored into annual performance reviews.

RECOMMENDATION NO. 6:

The Department of Human Services should improve Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 6, part a: Partially Implemented. **Agency's Update:** The Division constructed a tool to reference comparable benefits information. In addition, the Technical Assistance and Continuing Education (TACE) program provided

technical assistance on comparable benefits. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 6, part b: Partially Implemented. **Agency's Update:** The Technical Assistance and Continuing Education (TACE) program provided technical assistance on comparable benefits. The Division also researched other states' practices in the area of comparable benefits and adequate timeframes for locating comparable benefits. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 6, part c: Partially Implemented. **Agency's Update:** The Technical Assistance and Continuing Education (TACE) program provided technical assistance on comparable benefits. The Division also researched other states' practices in the area of client refusal to use comparable benefits. The Division is in the process of taking the information obtained from TACE and research of other state practices and incorporating that into draft policies that will ensure that comparable benefits are clearly documented in the file, as well as whether the client is using those benefits, or is choosing to pay for other services at his or her own cost. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 6, part d: Partially Implemented. **Agency's Update:** The Division is on track to complete training on comparable benefits as part of the regional policy trainings scheduled to take place in July 2014. The Division is creating training points for inclusion in the training document being produced by the Organizational Planning and Development Unit. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 7:

The Department of Human Services should improve the process for determining participants' severity of disability for the Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 7: Partially Implemented. **Agency's Update:** The Division established a draft, revised severity of disability determination tool that uses detailed descriptors and scoring for increased accuracy of severity decisions. The Division is making final determinations on the use of the tool within the electronic case management system or as a stand-alone document in MS Excel. The Division's new draft policy and disability determination form takes into account significant state research and review of Program regulations. Supervisory review will be incorporated on the assessment tool. The new tool and training on its use will be incorporated into the regional policy trainings scheduled to take place in July 2014. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 8:

The Department of Human Services should ensure compliance with federal and state case management requirements for the Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 8, part a: Partially Implemented. **Agency's Update:** The Division instituted regular contact requirements for its staff, and compliance is being assessed as part of the monthly Colorado Department of Human Services' performance management strategy (C-Stat) process. The Division continues to develop draft policy changes to align with these new procedures. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 8, part b: Partially Implemented. **Agency's Update:** The Division is on track to complete training on the case management and contact requirements as part of the regional policy trainings scheduled to take place in July 2014. The Division is creating training points for inclusion in the training document being produced by the Organizational Planning and Development Unit. This recommendation is on track for implementation by the planned due date of October 31, 2014.

RECOMMENDATION NO. 9:

The Department of Human Services should ensure the Division of Vocational Rehabilitation develops and implements a written policy and strategy for managing the wait list for the Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 9: Implemented and Ongoing. **Agency's Update:** The Department finalized a Wait List Management Procedure and, utilizing the Estimated Costs and Program Profile tools developed in Recommendation No. 10a, along with monthly application and closure data, was able to initiate the first wait list release in February 2014. A projection model for timeframes to serve eligible individuals on the wait list by severity of disability was created with new reporting tools for examining cost estimates on new Individualized Plans for Employment (IPE). On a daily basis, reports are run on new IPEs and total cost estimates. Monthly supervisory case file reviews examining adherence to the wait list policies and procedures are taking place, and compliance scores resulting from these reviews will be factored into annual performance reviews.

RECOMMENDATION NO. 10:

The Department of Human Services (the Department) should improve the fiscal management of the Division of Vocational Rehabilitation (the Division) and the Vocational Rehabilitation Program (the 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.

Current Implementation Status for Rec. No. 10, part a: Implemented and Ongoing. **Agency's Update:** The Division created a tool for estimating annual service cost projections for various categories of clients utilizing AWARE data, as well as COFRS information. These estimates, along with new reporting tools demonstrating historical spending data by client severity and by special program (e.g., General, School to Work Alliance Program, Mental Health Supported Employment), are being used for Order of Selection Wait List planning, and the tools serve as a reference when examining new Individualized Plans for Employment (IPE) total cost projections and actual service spending data. In addition, standardized supervisor approval requirements for targeted, typically high-cost goods and services and all expenditures over \$1,999 continue to be used throughout the field. Finally, the cost estimate information is used in conjunction with historical spending information to formulate an annual budget for the Division, and each of the regional offices to track actual spending. Together, these improved tools for estimating and tracking expenditures will allow the Division to ensure better forecasting of expenditures.

- 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.

Current Implementation Status for Rec. No. 10, part b: Implemented and Ongoing. **Agency's Update:** The Department is ensuring staff expertise in State and federal budgeting processes, as well as proper accounting and fiscal procedures through the hiring of a new Deputy Director of Operations for the Division who has the requisite skills to sufficiently oversee the Division's critical areas of finance and budget. Based on the recently submitted Position Description, 45 percent of the duties involve managing all financial aspects of federal

grants and State appropriations, including designing budgetary and financial strategies to ensure sufficient funding for the Division's programs. The Division also acted on this subpart by requiring budget training for the Finance Manager after consulting with the Department's Budget & Policy Division.

- 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.

Current Implementation Status for Rec. No. 10, part c: Implemented and Ongoing.
Agency's Update: In consultation with the Department's Financial Services Division, the Department implemented a revised annual budget process for the Division, as well as for each individual office. Beginning with the SFY 2015 budget year, both the Office and Division budgets will be monitored and compared to actual expenses on a monthly basis. The budgets are developed by the Division using the cost projection information discussed in subpart "a" above, and reviewed and approved by the Director of the Office of Community Access and Independence.

- 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.

Current Implementation Status for Rec. No. 10, part d: Implemented and Ongoing.
Agency's Update: The Department continues monthly monitoring of its expenditures through an in-person meeting 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. The Division developed a standard report that it uses for monthly monitoring purposes.

RECOMMENDATION NO. 11:

The Department of Human Services (the Department) should improve controls over the Division of Vocational Rehabilitation's (the 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.

Current Implementation Status for Rec. No. 11, part a: Implemented and Ongoing.
Agency's Update: The Division received a temporary waiver from the Department's Controller to continue to utilize seven corporate accounts until July 31, 2014, and an extension to that waiver until September 30, 2014. After that time, the use of corporate accounts will be discontinued. During the initial waiver period, additional controls were added for corporate accounts, including that the Division improved its corporate vendor agreement to ensure clearer responsibility on behalf of both the client and the vendor to ensure that purchases made are authorized and can be tracked back to vendor invoices and client employment plans. All other accounts have either been inactivated in AWARE and/or closed, or the vendor began accepting

purchase orders rather than requiring an open charge account. Purchase orders are processed through the typical purchase order process and paid with a warrant once documentation of the purchase and receipt of goods is received.

- 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.

Current Implementation Status for Rec. No. 11, part b: Implemented and Ongoing. **Agency's Update:** The Department established a review, reconciliation, and monitoring process for all corporate accounts. The Division also developed and implemented a vendor authorization form that more clearly establishes the vendor's responsibilities when accepting the authorization for a purchase, as well as the client's responsibilities for purchasing only what is authorized and for using the form appropriately. This language includes that if the vendor allows for the purchase of goods or services that are not listed on the authorization, or if the authorization is expired, the State will not be responsible for paying for those goods or services. Authorizations can also now be tracked back to the client's case file. Additionally, a process has been established to handle any vendor disputes.

- c. Ensuring that payments for the corporate accounts are made timely and by the payment due dates.

Current Implementation Status for Rec. No. 11, part c: Implemented and Ongoing. **Agency's Update:** The Division strengthened procedures for managing corporate accounts, including the development of a charge account protocol; field requirements for review and client signature on the new Client Fiscal Responsibilities form for new Individualized Plans for Employment (IPE) and client authorizations after January 2014; and shortening the allowable authorization period for charge accounts to seven calendar days after January 2014.

- d. Limiting the number of employees at each field office who are approved to make purchases on the corporate accounts.

Current Implementation Status for Rec. No. 11, part d: Partially Implemented. **Agency's Update:** The Division received an extension to its temporary waiver to continue using seven corporate accounts through September 30, 2014, and will discontinue the use of corporate accounts effective October 1, 2014. During this time, the Division will pilot the use of purchasing cards in addition to the purchase orders mentioned in Recommendation No. 11a, which will be implemented on October 1, 2014. During the initial waiver period, the Division also developed a corporate account protocol and has limited the number of staff approved to make purchases with a primary account, Amazon. The Division will limit authorized users of purchasing cards. The Division implemented robust controls over their use and reconciliation of charges each month. Controls include more specific vendor agreements and limitations on what can be purchased, shorter authorization timelines, client agreements identifying responsibility for complying with the conditions of the authorization, and segregation of duties in the review and payment of purchases.

RECOMMENDATION NO. 12:

The Department of Human Services (the Department) should 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 (the 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.

Current Implementation Status for Rec. No. 12, part a: Partially Implemented. **Agency's Update:** The Division has a draft policy related to fraud that was reviewed by the Department's Audit Division. The policy changes have also received public input through public hearings in April 2014. The Division researched other state and local programs' policies. Supervisors and managers were trained on fraud policies by the Department's Audit Division, and then they trained all local office and unit staff in March 2014. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 12, part b: Implemented and Ongoing. **Agency's Update:** The standardized supervisory review implemented as part of Recommendation Nos. 9 and 10a includes targeted questions regarding indications of fraud. If noted, the reviewer examines the case for proper handling and communication with the Department's Audit Division. The compliance scores resulting from these reviews will be factored into annual performance reviews.

- 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.

Current Implementation Status for Rec. No. 12, part c: Partially Implemented. **Agency's Update:** The Division assessed the risks, as well as the advantages, of direct payments to clients for needed services and goods. Because there are infrequent but critical needs for this method of obtaining a service or a good for a client, the Division developed a standard draft document to be signed by the client in the event of a direct payment, when no other options exist for procuring an item. The Division also drafted corresponding policy changes. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- d. Providing direct access for the Accessible Web-Based Activity and Reporting Environment (AWARE) application to the Department's internal audit staff.

Current Implementation Status for Rec. No. 12, part d: Implemented and Ongoing. **Agency's Update:** Guest access for the Division's electronic case management system,

AWARE, was granted to one auditor in the Department's Audit Division in November 2013 and access was enhanced in February 2014 with on-site access at the Ft. Logan location where the Department's Audit Division resides.

- 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.

Current Implementation Status for Rec. No. 12, part e: Partially Implemented. **Agency's Update:** The Division has contacted other states' vocational rehabilitation programs, and is compiling and analyzing information related to tracking the issuance, return, and re-issuance of equipment purchased for participants. This recommendation is on track for implementation by the planned due date of December 31, 2014.

- 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.

Current Implementation Status for Rec. No. 12, part f: Partially Implemented. **Agency's Update:** In consultation with the Department's Audit Division, the Division developed recovery procedures and drafted letters for clients for the purpose of equipment recovery. The letters specify the process for turning over recovery efforts to the Department for review and, when appropriate, further referral to authorities outside the Department. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 13:

The Department of Human Services (the Department) should 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 (the 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.

Current Implementation Status for Rec. No. 13, part a: Partially Implemented. **Agency's Update:** The Division researched other state vocational program participant financial contribution policies and is drafting new policies to ensure that participant contributions are calculated appropriately, documented in the case file, and collected in accordance with the identified information. The policy will assess the frequency of review for the participant's financial situation and require participants at intake to disclose if their financial situation changes significantly during their participation in the Program. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 13, part b: Partially Implemented. **Agency's Update:** See Response to subpart "a" above.

- 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.

Current Implementation Status for Rec. No. 13, part c: Partially Implemented. **Agency's Update:** The Supervisory Review procedure was completed as part of Recommendation Nos. 9 and 10a. The Division is preparing targeted questions for the monthly supervisory reviews to assess compliance with financial need requirements. The compliance scores resulting from these reviews will be factored into annual performance reviews. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- d. 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.

Current Implementation Status for Rec. No. 13, part d: Partially Implemented. **Agency's Update:** The Division researched other states' vocational program financial need policies, as well as other federally-funded programs at the Department, to prepare for policy modification decisions. Public input regarding the use of gross income for financial need analysis was sought during the April 2014 Public Hearings for the State Plan. Feedback from this process will be incorporated into the policies that are currently being drafted for participant financial contributions. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 14:

The Department of Human Services (the Department) should 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.

Current Implementation Status for Rec. No. 14, part a: Implemented. **Agency's Update:** The Division discontinued the job placement bonus payments in September 2013. For job placements completed by vendors after February 2014, a Successful Employment Outcome payment is allowable with the completion of monthly written reports during the 90-day initial job placement period, as well as completion of the standard Successful Closure report. The Fee Schedule was revised for the new fee option and requirements.

- 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.

Current Implementation Status for Rec. No. 14, part b: Partially Implemented. **Agency's Update:** The Division evaluated its fee schedule, taking into consideration a pilot program that paid increased rates and increased accountability for the performance of job placement vendors, as well as reviewing other state fee schedules and working with the Division for Intellectual and Developmental Disabilities at Health Care Policy and Financing to understand the supported employment fee structure. The Division is finalizing a new fee schedule that is more comparable to best practice and better matches the payment of fees to the process. The new policy also requires enhanced vendor accountability and reporting on services provided. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 14, part c: Partially Implemented. **Agency's Update:** The Division performed research of other state vendor policies and practices and is utilizing the expertise of Alliance, the vendor for the AWARE case management tool, to better use the AWARE system to establish vendor performance standards that can be tracked and used to eliminate poor performing vendors. Alliance provided a demonstration on a module for vendor quality. The module has the capability of establishing a protocol for scoring vendor performance based on a number of factors and the factors can be adjusted to reflect the agencies priorities, goals, and objectives for the Program. The Division is working on a contract amendment for the Alliance contract to add this module to the AWARE system and be able to begin using the module in SFY 2015. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 15:

The Department of Human Services should 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.

Current Implementation Status for Rec. No. 15: Implemented and Ongoing. **Agency's Update:** The Division implemented measures to strengthen oversight of its administrative costs by developing and training on new policies and procedures that have been incorporated into an Operating Budget Procedures Manual. These new policies lay out the process and approvals required to make an administrative purchase, appropriate methods of procurement based on State Fiscal and Procurement rules, standardized requirements and forms for purchasing demonstration equipment for clients, and improved controls in the area of travel and lodging.

RECOMMENDATION NO. 16:

The Department of Human Services should ensure that the Division of Vocational Rehabilitation's (the 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.

Current Implementation Status for Rec. No. 16, part a: Implemented. **Agency's Update:**

The Division developed procedures for standard and consistent reviews of vendors and amounts expended to determine the necessity for Provider Agreements (contracts). The process flags vendors anticipated to exceed procurement thresholds in the course of a state fiscal year for necessary completion of a provider agreement. The Division's standardized provider agreements have been reviewed and approved by the State Controller's Office and the Attorney General's Office.

- 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.

Current Implementation Status for Rec. No. 16, part b: Implemented. **Agency's Update:**

The Department revised the vendor registration forms and provider agreements (contracts) and all documents were reviewed as part of the State Controller's Office and Attorney General's Office review and approval of a contract routing waiver that allows the Division to utilize a fee schedule and provider agreements rather than competitive procurement for each vendor that exceeds the procurement threshold. All Division contracts that were in place 5 years or more and executed prior to 2009 have been updated to comply with the new process, signed by the State Controller and Attorney General, and sent to the applicable vendors for final signature. Four of the five contracts dating back to 2009 have been signed by the vendor and are on file with the Division. The fifth contract with Colorado State University was sent out for the vendor's signature and is expected to be returned in the near future.

- 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.

Current Implementation Status for Rec. No. 16, part c: Implemented. **Agency's Update:**

The Division revised the Vendor Registration Form and aligned language with that in the standard contract template. The new version was prepared in consultation with the Department's Divisions of Contract Management and Audit, and reviewed by the State Controller's Office and Attorney General's Office during implementation of subpart "a" above. This new version is being used to execute all new vendor registrations effective January 2014 or after, and is posted on the Division's website.

RECOMMENDATION NO. 17:

The Department of Human Services (the Department) should 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.

Current Implementation Status for Rec. No. 17: Partially Implemented. **Agency's Update:** Components of Recommendation No. 15 cover some of the requirements for this recommendation. The Division developed a Participant Demonstration Equipment Request form and incorporated controls and oversight over procurement cards as part of Recommendation No. 15. In addition, the Division received a waiver for purchasing card transactions for client bus passes. This recommendation is on track for implementation by the planned due date of July 31, 2014.

RECOMMENDATION NO. 18:

The Department of Human Services (the Department) should improve the Vocational Rehabilitation Program's (the Program) annual quality assurance (QA) review process by:

- a. Creating and implementing a policy requiring Division of Vocational Rehabilitation (the 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.

Current Implementation Status for Rec. No. 18, part a: Partially Implemented. **Agency's Update:** All subparts to this Recommendation are being addressed through a comprehensive set of strategies to include revisions to policy, the creation of a new Quality Assurance (QA) Manual, re-developed forms, and language pertaining to quality assurance in employees' annual performance reviews. The Division examined other states' policies and federal regulations related to quality assurance reviews. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 18, part b: Partially Implemented. **Agency's Update:** The QA Manual, currently in a draft stage, will address corrective actions and performance measures related to quality assurance. Specific descriptors are being drafted for inclusion in the annual performance reviews. This recommendation is on track for implementation by the planned due date of October 31, 2014.

- c. Requiring QA staff to annually report the results of the corrective action plan process to Department and Division management.

Current Implementation Status for Rec. No. 18, part c: Partially Implemented. **Agency's Update:** The QA Manual, currently in a draft stage, will address annual reports of quality assurance findings. This recommendation is on track for implementation by the planned due date of January 31, 2015.

- 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.

Current Implementation Status for Rec. No. 18, part d: Partially Implemented. **Agency's Update:** The QA Manual, currently in a draft stage, will address examination of prior year issues as part of the overall quality assurance process. This recommendation is on track for implementation by the planned due date of January 31, 2015.

- 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.

Current Implementation Status for Rec. No. 18, part e: Partially Implemented. **Agency's Update:** The QA Manual, currently in a draft stage, will address analysis of trends as part of the overall quality assurance process. This recommendation is on track for implementation by the planned due date of January 31, 2015.

RECOMMENDATION NO. 19:

The Department of Human Services should ensure the Division of Vocational Rehabilitation (the 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.

Current Implementation Status for Rec. No. 19, part a: Partially Implemented. **Agency's Update:** The Division established a work group to evaluate industry best practices for receiving, investigating, and timely resolving complaints by participants, vendors, and other community partners. The work group involved Division staff and regional partners, and reviewed other state practices. The group is drafting policies and procedures regarding complaint management and policies will ensure that the Division captures the necessary information for each complaint to ensure the timeliness of resolution and communication with the complainant about the process and timeline for resolution. This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 19, part b: Partially Implemented. **Agency's Update:** The Division is finalizing more clear policies and processes for complaint investigation and resolution that will support implementation of the enhanced database for tracking complaints as discussed in subpart "c." This recommendation is on track for implementation by the planned due date of July 31, 2014.

- 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.

Current Implementation Status for Rec. No. 19, part c: Partially Implemented. **Agency's Update:** The Division has developed and is testing a database to track complaints received and their resolution. The database will track key dates and investigation actions and resolution, as well as communication with the complainant. The database will have reporting capabilities that will allow for analysis of trends and patterns. The collection of data for a complaint will allow for reports on data based on a variety of factors that will help Division management to monitor the complaint investigation and resolution process. In addition to the initial training on the improved complaint tracking and investigation process, data from the complaint database will be used to identify any additional training needs or clarification of policies and procedures. This recommendation is on track for implementation by the planned due date of October 31, 2014.

RECOMMENDATION NO. 20:

The Department of Human Services should 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.

Current Implementation Status for Rec. No. 20, part a: Partially Implemented. **Agency's Update:** The Division negotiated and agreed to an off-site backup solution and cost with the AWARE vendor, Alliance. This solution has been verbally approved by both the Department's Business Technology Unit and the Governor's Office of Information Technology. The Division requested written confirmations of these approvals. A contract amendment for these additional services has been written and is currently under review. This recommendation is on track for implementation by the planned due date of October 31, 2014.

- b. Testing the system recovery plan on an annual basis and making updates to the plan as necessary.

Current Implementation Status for Rec. No. 20, part b: Partially Implemented. **Agency's Update:** The Division negotiated and agreed to a disaster recovery solution and cost with the AWARE vendor, Alliance. This solution has been verbally approved by both the Department's Business Technology Unit and the Governor's Office of Information Technology. The Division requested written confirmations of these approvals. A contract amendment for these additional services has been written and is currently under review. This recommendation is on track for implementation by the planned due date of October 31, 2014.