



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Douglas A. Ducey
Governor

Henry Darwin
Interim Director

January 18, 2017

Ms. Debra K. Davenport, Auditor General
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport:

The Department of Economic Security appreciates the opportunity to provide a response to the Vocational Rehabilitation Program Audit conducted by your office that was received on January 10, 2017. The Department is committed to continuous quality improvement, transparency, and accountability.

Attached is the Department's responses to your finding and recommendations. We look forward to sharing our progress in implementing these recommendations.

Sincerely,

Henry Darwin
Interim Director

Enclosure: DES Vocational Rehabilitations Response

Finding 1: Department should enhance processes for managing rehabilitation service costs and clients' progress

Recommendation 1.1: The Department should continue its efforts to establish specific lower authorization levels for counselors, supervisors, and managers by service categories and move away from blanket authorization levels, such as counselors approving up to \$25,000 for a client's IPE expenditures.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department's Vocational Rehabilitation Services Program (Program) recognizes that it is most efficient to minimize unnecessary steps in a process and have control at the lowest level possible, but also that checks and balances are appropriate. To that end, we will develop a risk matrix to determine services that are most likely to exceed basic thresholds or have significant cost implications and implement review thresholds where appropriate to better monitor expenditures. Additionally, we will create a review threshold for the total investment in services for a specific client. The threshold may be different for clients in different circumstances; i.e. blind and visually impaired, traumatic brain injuries, most significantly disabled, etc.

Recommendation 1.2: To better monitor case costs and the time that clients spend in the Program, the Department should:

Recommendation 1.2a: Analyze its rehabilitation services expenditure data to establish reasonable expenditure levels for the life of a case or expenditure levels at which a more detailed review of the case is required;

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program is in agreement with the recommendation to establish reasonable expenditure thresholds and review requirements based on the life of the case and/or expenditure levels. The Program is precluded from placing absolute dollar limits on specific service categories or on the total services provided to an individual per 34 CFR 361.50 (c). The Program is also precluded from establishing absolute time limits on the provision of specific services or on the provision of services to an individual per 34 CFR 361.50(d)(2). As described in the previous response, we will work within these parameters to create reasonable review thresholds throughout Program management.

Recommendation 1.2b: Analyze its program data to establish reasonable time limits for the case to receive services and exit the Program or time frames at which a more detailed review of the case is required; and

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program is in agreement with the recommendation to establish reasonable time periods for the provision of services and establish review requirements based on the life of the case. Reasonable time periods will not be absolute, nor so short as to effectively deny an individual a necessary service, and must permit exceptions in order to address individual needs as required by 34 CFR 361.50 (d)(1).

Recommendation 1.2c: Include the reasonable expenditure and time limits within its written guidance and add a reference to this guidance in the VR manual.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program is in agreement with the recommendation to establish reasonable time limits and expenditure thresholds. Time limits and expenditure thresholds may be developed, but no absolute values can be placed on service expenditures or time in service per 34 CFR 361.50. The Program will also utilize a central location where all staff can access guidance materials. To the extent possible, the Program will incorporate the new thresholds into the case management system to ensure consistent adherence to the thresholds.

Recommendation 1.3: Once the Department has established its reasonable expenditure and time limits for cases, it should:

Recommendation 1.3a: Develop and implement management reports that will allow the Department to monitor where its cases are relative to the expenditure levels and time limits; and

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Over the past six months the Program has been developing ad hoc reports to extract and portray relevant cost and duration information from the case management system. The Program will continue to standardize and use these reports as a routine practice in ongoing program evaluation.

Recommendation 1.3b: Establish a specific process supported by appropriate procedures for using these management reports, including how frequently to generate the reports, who should review the information, and what actions to take based on the results.

Department Response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: Facilitated by deployment of the Arizona Management System, the Program is establishing new data utilization processes that promote frequent review, planning, action, evaluation and standardization. In order to expedite review of information, the Program will establish standard work requirements and continue to enhance and standardize management reports for routine use and review.

Recommendation 1.4: To better manage program costs and help serve its clients, the Department should continue to review case costs and should establish a specific process for periodically analyzing its data, including the types of data to analyze, the frequency of the analyses, who to report the information to, and what type of actions to take in response to the analyses.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation and will utilize its Business Intelligence Unit to continue to review case costs and analyze its data in the methods identified in the response to 1.2c and 1.3b.

Recommendation 1.5: To improve the guidance for counselors on conducting assessments, the Department should add references to the applicable VR manual chapters as well as incorporate into or include a reference to the guidance from its training on eligibility.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation and will enhance the policy manual by adding information on when and how assessments can be provided during eligibility determination. The Program will also utilize a central location where all staff can access guidance materials, which outline reasonable expenditure and time limits on assessment and eligibility. The Program will also create a one-page reference guide for each VR counselor to describe frequently used policies and other pertinent information.

Recommendation 1.6: To help ensure counselors thoroughly research and adequately document their efforts to identify comparable benefits, the Department should:

Recommendation 1.6a: Revise its policies in the VR manual to include more examples of comparable benefits;

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation to incorporate more examples of comparable benefits into the VR manual, as well as in the consolidated reference information for each counselor.

Recommendation 1.6b: Develop and implement a policy to require counselors to search for comparable benefits more frequently, such as when additional services are added to an IPE;

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program is in the process of deploying the Arizona Management System, which includes an evaluation of the current process and the creation of a more efficient and effective "future process". In the future process, the Program will incorporate the routine evaluation of comparable benefits. In the meantime, the Program will create communication materials and a brief training to ensure consistent review of comparable benefits.

Recommendation 1.6c: Develop and implement a policy within the VR manual requiring counselors to use the Department's template and/or continue its efforts to develop a new method to document the search for, and outcome of, comparable benefits;

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation and will amend the VR manual to require documentation of the search for and outcome of comparable benefits. Additionally the Program will continue to explore new methods to document the search for and outcome of comparable benefits.

Recommendation 1.6d: Modify the template and/or develop the new method to capture the specific information regarding comparable benefits, such as what was done to search for comparable benefits along with any justification for not using such benefits;

Department Response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: Documentation regarding the search for comparable benefits and justification for not using such benefits is currently required. The Program will utilize training, communication, and case reviews to ensure consistent application of this standard.

Recommendation 1.6e: Develop and implement procedures regarding how to use the template and/or the new method; and

Department Response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Program will evaluate the most efficient way to ensure consistent capturing of the relevant information. This may include utilization of a specific template, but also may include other standardized options.

Recommendation 1.6f: Include these procedures in the VR manual.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: When a method to capture comparable benefit information is finalized, the Program will ensure that it is appropriately described in the policy manual.

Recommendation 1.7: The Department should revise its VR manual on intermediate objectives by including examples and additional guidance, or references to the material covered in its staff training or other guidance documents, including how detailed the intermediate objectives should be written, what they are intended to cover, and the order in which they need to be accomplished.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: In order to ensure clarity and conciseness in the policy manual, the Program will develop written guidance and provide a link to the written guidance directly in the manual. We recognize the importance of the information and will utilize a central location where all staff can access guidance materials.

Recommendation 1.8: To help better monitor its costs, the Department should develop and implement additional guidance in the VR manual for educational and vocational training by:

Recommendation 1.8a: Requiring supervisory approval for clients pursuing educational or vocational training;

Department Response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Program agrees with the recommendation and, as described previously, is in the process of implementing review thresholds where appropriate including those which will address educational or vocational training.

Recommendation 1.8b: Enhancing its guidance within the VR manual to define how satisfactory progress in an educational or vocational training program will be determined, such as through a specific grade point average, and require that the client's IPE include the specific ways that the Department will monitor this progress; and

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation and will enhance the VR manual to define how satisfactory progress in an educational or vocational training program will be determined. This will ensure consistent review of client progress.

Recommendation 1.8c: Developing additional policies and procedures surrounding the purchasing of related equipment and supplies, such as leasing equipment or purchasing used textbooks.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Per federal regulation, the Program is required to provide each client with the tools necessary to increase the probability of success. Occasionally, books and tools are believed to be necessary initially, but are ultimately deemed unnecessary. The Program will develop additional policies and procedures surrounding the purchasing of related equipment and supplies, such as leasing equipment or purchasing used textbooks in order to minimize the incidences of this issue.

Recommendation 1.9: To help ensure counselors and supervisors are trained, the Department should continue to revise its training and develop and implement additional staff training by:

Recommendation 1.9a: Developing and implementing supervisory training that focuses on the supervisors' role in helping staff meet program requirements and covers any monitoring changes made to the Department's policies and procedures resulting from this audit, such as reviewing and using its management reports to actively monitor case cost and length of time in the Program;

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program recognizes the need to continue to develop and strengthen the skills of front-line supervisors. The Program will work with the Department's Office of Professional Development to develop and implement supervisory training that focuses on the supervisors' role in helping staff meet program requirements and covers any monitoring changes made to the Department's policies and procedures resulting from this audit.

Recommendation 1.9b: Continuing its efforts to revise its remaining ten initial staff training core classes;

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation and will continue to work with the Office of Professional Development to revise its remaining ten initial staff training core classes.

Recommendation 1.9c: Developing additional trainings to cover any changes made to the Department's policies and procedures or oversight processes resulting from this audit; and

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation and will continue to work with the Office of Professional Development to develop additional trainings to cover any changes made to the Department's policies and procedures or oversight processes regardless of the reason for the change. As described previously, the Program will also incorporate many of the performance audit concepts into the Programs reference document for VR staff.

Recommendation 1.9d: Ensuring that all staff are provided with these trainings.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Program agrees with the recommendation and will continue to work with the Office of Professional Development to ensure that all staff are provided with these trainings.