

	<h2 style="color: #006633; margin: 0;">Policy Transmittal</h2>
<h3 style="color: #006633; margin: 0;">Vocational Rehabilitation</h3>	

Trina M Lee, Administrator

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Issue 08/15/2017

Due date: Immediately

Topic: Vocational Rehabilitation: Fiscal Policy

Subject: Internal Controls Policy and Procedures for Tracking and Reporting Pre-Employment Transition Services

Applies to (check all that apply):

<input type="checkbox"/>	Vocational Rehabilitation – All Staff
<input type="checkbox"/>	Vocational Rehabilitation – Executive Team
<input checked="" type="checkbox"/>	Vocational Rehabilitation - Administration
<input checked="" type="checkbox"/>	Vocational Rehabilitation – Branch Managers
<input type="checkbox"/>	Other (please specify)

Policy:

Oregon Vocational Rehabilitation (the Program) has an established system of internal controls sufficient to record and track the provision of pre-employment transition services authorized activities expenditures so they can be distinguished from non- pre-employment transition services service-related costs.

This system allows the Program to track and demonstrate reserves at least 15 percent of the vocational rehabilitation allotments are spent in providing, or arranging for the provision of, pre-employment transition services outlined in section 113 of the Rehabilitation Act to students with disabilities.

Tracking and accounting expenditures of the reserved pre-employment transition services and expenditures of other authorized expenditures occurs at least monthly. The expenditures are tracked against the total grant to assure that total grant expenditures are not overspent for each fiscal reporting period.

At least monthly reports are provided to the Program Administrator showing pre-employment transition services, non-pre-employment transition services, and compared with the overall annual Program budget.

Semi-annual and annual FS 425 reports are finalized, reviewed and signed by the Program Administrator, and sent to the federal funding agency as required.

Procedures: Internal Control Procedures for Pre-Employment Transition Fiscal Reserves

1. Control Environment

Oregon Vocational Rehabilitation (the Program) operates as a program within the State of Oregon, Department of Human Services and is funded by the federal Department of Education, Rehabilitation Services Administration. The Program adheres to federal and state regulations that govern and relate to finance and contracting. The Program follows federal requirements for fiscal reporting and follows the requirements of the federal grant.

The Oregon Department of Administrative Services (DAS) is charged with directing and controlling the accounting of state government fiscal operations. DAS is responsible for establishing and maintaining systems of accounting for state government and for prescribing the principles, standards, and requirements of those systems to be used by state agencies. The Program follows state requirements for accounting that are described in the Oregon Accounting Manual (OAM). The OAM provides a comprehensive set of policies and procedures to assist state fiscal managers with analyzing, processing, and reporting financial transactions in accordance with generally accepted accounting principles, federal regulations, and Internal Revenue Service requirements.

2. Risk Assessment

The Program collaborates with the Oregon Secretary of State Audits Division (OSSAD) and the Department of Human Services Internal Audit Division (DHS

IAD) to perform risk assessments of the program. OSSAD audits the books and records of the State's agencies. Additionally OSSAD conducts financial and other audits of State agencies and functions.

The Program joins forces with OSSAD and DHS IAD to formulate a response identified risks.

3. Control Activities

Control activities are performed at the agency (DHS) and Program level.

- ◆ For each federal fiscal period the Oregon Department of Human Services Accounting establishes a unique accounting code for the Program to charge and track pre-employment expenditures.
- ◆ ORCA, the client management data base for the Program, identifies all qualified recipients of pre-employment transition services by:
 - ◇ Examining the client date of birth at that date who are younger than 22 years of age,
 - ◇ Selecting cases who are students.
 - ◇ Identify specific services that qualify as pre-employment transition services and
 - ◇ Charges the unique code set up to track pre-employment transition services when a payment is made for this purpose.
 - ◇ At the end of each work day this data is sent electronically to the State Financial Management Account System.
 - ◇ The Program Business Operations Manager reviews a monthly report of the charges to and payments made for pre-employment transition services.
- ◆ The Workforce and Youth Manager (W&Y Manager) is responsible for developing, implementing and monitoring contracts providing, or arranging for the provision of, pre-employment transition services.

- ◇ The W&Y Manager is given the unique code to manage contracted pre-employment transition services expenditures.
- ◇ When invoices are submitted for these contracts, the W&Y Manager reviews the invoices and authorizes payment, using the unique code to make the expenditure.
- ◆ The Program Business Operations Manager, in conjunction with the Department of Human Services grant accountant, run monthly reports after accounting closes to monitor and track the amount of expenditures against the unique code. This is then tracked against the full amount of the set aside and reported to the executive levels of Vocational Rehabilitation to ensure use of the set aside funds in the proper time frame.
- ◆ The Office of Financial Services (OFS) provides:
 - ◇ At least monthly expenditure and tracking reports are provided to the Program Administrator.
 - ◇ Semi-annual and annual reports via the FS 425 and provides them to the Program Administrator. The Program Administrator reviews these forms and signs them to be submitted. The FS 425 is sent to the federal funding agency as required.

4. Information and Communication

All Program fiscal policy is available on the Oregon Vocational Rehabilitation public website. <http://www.oregon.gov/DHS/EMPLOYMENT/VR/Pages/Policies-Rules.aspx>

The Program Business Operations Manager provides regular, updated reports, describes changes and challenges the Program faces, remedies and responds to questions in a number of venues:

- ◆ During weekly Program Executive meetings;
- ◆ During monthly Program Leadership meetings with branch managers and central administrative staff in attendance; and
- ◆ During quarterly State Rehabilitation Council meetings.

Definitions

Internal control is defined in [GAO 14-704G](#) as “a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved (see fig. 2).”

The report continues, “These objectives and related risks can be broadly classified into one or more of the following three categories:

- ◆ Operations - Effectiveness and efficiency of operations
- ◆ Reporting - Reliability of reporting for internal and external use
- ◆ Compliance - Compliance with applicable laws and regulations”

Figure 2: Achieving Objectives through Internal Control



Source: GAO. | GAO-14-704G

Applicability:

United States Government Accounting Office. Standards for Internal Control in the Federal Government. GAO-14-704G. September 2014.

<http://www.gao.gov/assets/670/665712.pdf>

§361.12 Methods of administration

<https://www.gpo.gov/fdsys/pkg/FR-2016-08-19/pdf/2016-15980.pdf> See page 55750.

§200.302 Financial management

<https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-302.pdf> See pages 104-105.

Oregon Accounting Manual

<http://www.oregon.gov/das/Financial/Acctng/Pages/OAM.aspx>

Field/stakeholder review:

Yes No If yes, reviewed by: SRC Policy Committee (August 14, 2017)

Procedure(s):

Contact Judy Barker. See below.

Training requirement:

Review and discussion at September 12, 2017 Leadership meeting.

If you have any questions about this action request, contact:

Contact(s):	Judy Barker, Budget & Performance Analysis Manager		
Phone:	503-945-6217	Fax:	503-945-5052
Email:	JUDY.A.BARKER@dhsola.state.or.us		