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A Limited-Scope Review of the South Carolina Commission for the Blind



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Report to the General Assembly

**A Limited-Scope Review
of the South Carolina
Commission for the Blind**

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Executive Summary

Members of the South Carolina General Assembly requested that we conduct a management review of the South Carolina Commission for the Blind (SCCB). Our review was designed to address the specific concerns of the audit requestors, including administrative issues, the use of federal and other funds, and client services. Our nine audit objectives are listed on page 1.

Several audits of the commission have been conducted in recent years. Our work was designed not to duplicate the work of other auditors.

In some areas, we did not find material problems and have made no recommendations. In other areas, we have made recommendations to improve agency operations. The following summarizes our review.

Administrative Issues

We reviewed administrative operations of the commission and found the following:

- ❑ SCCB began developing an automated client information system in 1984 but had not fully implemented the system as of January 1996, approximately nine years after the projected completion date. The commission has expended approximately \$952,000 to develop the system and projects that an additional \$268,000 will be needed for completion. The commission estimates that the client information system will be fully operational in May 1996. An automated system would improve efficiency and assist the agency in meeting federal reporting requirements (see p. 5).
- ❑ SCCB overpaid approximately \$69,000 to the Budget and Control Board's division of information resource management (DIRM) for services to develop a client information system (see p. 8).
- ❑ The commission has not always paid vendors in a timely manner. In our sample of vouchers, we found that 4 (25%) of 16 vendors were not paid in a timely manner (see p. 9).
- ❑ We also examined the payment of sales tax by the commission to the South Carolina Department of Revenue for the business enterprise program (BEP). Our review revealed that an allegation concerning the return of an SCCB check for payment of sales tax due to "insufficient funds" was unfounded (see p. 9).

Use of Federal and Other Funds

In FY 94-95, federal and other funds accounted for 63% (\$5.2 of \$8.3 million) of the agency's budget. We reviewed the commission's use of federal and other funds and found problems related to the distribution of vending funds from the Savannah River Site (SRS), a federal property. Also, we examined the use of funds to determine if they were expended in accordance with law.

Federal regulations provide that a percentage of profits from vending stands on federal property which are operated by non-blind vendors be distributed to blind vendors. These profits are remitted to the commission for distribution. There is an ongoing dispute involving the distribution of profits from SRS. The dispute focuses on whether vending machine funds (totalling approximately \$528,000 as of September 1995) should be distributed only to the 6 vendors at SRS or to the approximately 122 vendors throughout the state (see p. 11). Further, the commission has expended some of these funds for legal services. Depending on the outcome of this dispute, these expenditures may have to be reimbursed (see p. 13).

Finally, we were asked to determine if SRS vending machine funds could be used as the "state match" to receive federal funds. We found that federal law allows use of the funds as the "state match" for certain expenditures (see p. 13).

We found no material problems with the commission's use of the federal 110 grant allotment or social security reimbursement funds. Also, a federal official confirmed that the commission did not exhaust its federal 110 allotment and thereby stop providing client services in April 1995, as alleged (see p. 14).

Client Services

We reviewed programs administered by the commission which are intended to provide employment and to encourage independence for clients. Our review of these services found the following.

- ❑ For three years, the commission renewed its contract with the Rocky Bottom Camp for rural orientation and mobility training, despite low attendance by clients. For this period, SCCB paid a total of \$114,000 to the camp for training. In January 1996, the commission requested a review of this camp by the U.S. Department of Education's Rehabilitation Services Administration (see p. 17).
- ❑ We reviewed the selection process for placement of clients as operators of vending stands. Based on available information, we found no evidence that inappropriate placements were made by the business enterprise vendor's selection committee. However, limited information was maintained by SCCB concerning the reason(s) for selection of vendors. We recommended that the commission maintain documentation on selection decisions, including the basis for selection (see p. 20).
- ❑ The commission's closures for successfully rehabilitated clients have significantly declined in recent years. From FY 91-92 to FY 93-94, client closures dropped from 286 to 111, a decrease of 61%. In FY 94-95, closures increased by 36% from the previous year to 151. We concluded that the decline was related to several factors including: a change in the practice of closing a case when the primary service provided to the client is a medical procedure; turnover of 3 of the 10 client counselors in FY 93-94; and inconsistency in the method of providing budget information to district counselors concerning client services (see p. 21).

Executive Summary

Introduction and Background

Audit Objectives

Members of the General Assembly requested that we conduct a review of the South Carolina Commission for the Blind (SCCB). Based on the concerns of the requestors, our review was limited to certain administrative operations of the commission, the commission's use of federal and other funds, and specific client services.

We conducted survey work at the commission and consulted with the audit requestors to clarify the issues and define the objectives. The objectives of our review were as follows:

- ☐ Determine the status of the commission's client information system, and if the commission paid for services which were not received (see p. 5).
- ☐ Determine if the commission has paid invoices in a timely manner (see p. 9).
- ☐ Examine the collection and deposit of sales tax revenue by the commission for the business enterprise program (BEP) (see p. 9).
- ☐ Determine if a former commission employee received compensation after he resigned (see p. 10).
- ☐ Review the distribution of funds from vending machines at Savannah River Site (SRS) by the commission, and determine if these funds have been used as the "state match" to receive federal funds (see p. 11).
- ☐ Examine the use of the federal 110 grant allotment by the commission, and determine if these funds were exhausted before the end of FY 94-95 (see p. 14).
- ☐ Determine if the commission has used social security reimbursement funds in accordance with law (see p. 16).
- ☐ Determine the need for the contract for rural orientation and mobility training between Rocky Bottom Camp and the commission (see p. 17).
- ☐ Examine the process used by the commission to select vendors for the business enterprise program (see p. 20).
- ☐ Examine the decline in client case closures at the commission in recent years (see p. 21).

Scope and Methodology

Our review was limited to the objectives described above. Our primary period of review was from FY 92-93 through FY 94-95. However, in some areas we reviewed decisions ranging back to the mid 1980s.

We conducted interviews with SCCB officials and officials of other South Carolina and federal agencies. We also interviewed officials of agencies serving the blind in the other southeastern states (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, and Tennessee). These states along with South Carolina make up federal Region IV for vocational rehabilitation services.

To conduct this audit, we examined records concerning a contract for rural orientation and mobility training, and documents pertaining to clients applying for placements in vending stands. In addition, we reviewed federal and state audits concerning the commission.

The primary criteria we used to assess agency operations were federal and state laws and agency policies and procedures. We tested management controls for payment of goods and services and remittance of sales tax for a program administered by the commission. We conducted various samples during our review. For example, we sampled commission vouchers to determine if federal and other funds were expended as authorized by law.

Based on the concerns of the audit requestors, we limited follow-up of our 1988 *A Management and Performance Review of the South Carolina Commission for the Blind* to the status of the agency's client information system (a part of its computer system) and to the decline in client case closures (see pp. 5, 21). The commission reports that two phases of its automation system have been implemented and the full system will be completed in May 1996.

To achieve our audit objectives, we relied on limited computer-processed data from SCCB's financial records. We did not test this data for reliability. However, when the data we received is viewed in context with other available evidence, we believe the opinions, conclusions and recommendations in this report are valid. This audit was conducted in accordance with generally accepted governmental auditing standards.

Background and History

The South Carolina Commission for the Blind (SCCB) was created in 1966 by Act 2325 and began functioning as a separate agency in 1967. Prior to the establishment of SCCB, the State Department of Public Welfare's Division for the Blind provided services to the blind population.

The commission is governed by a seven-member board appointed by the Governor with senate confirmation. State law requires that three of the commission members be legally blind. Commission members serve a four-year term. The commission with input from its consumer, medical, and business enterprise advisory committees establishes agency policy.

SCCB was reorganized in FY 90-91, and now has four service divisions:

- ❑ Administrative Division — provides support for the agency's day-to-day operations (finance and human resources) and support for placement of blind clients (employment and training and technical services).
- ❑ Community Services Division — provides services to maximize the independence of blind clients (i.e., prevention of blindness, mobile outreach, children services).
- ❑ Public Affairs Division — provides information on programs and services to blind clients and the general public.
- ❑ Vocational Rehabilitation Division — provides assistance to clients in securing employment and achieving independence.

The commission's main headquarters and a district office are in Columbia with 10 other district offices throughout the state (Aiken, Charleston, Conway, Florence, Greenville, Greenwood, Orangeburg, Rock Hill, Spartanburg, and Walterboro). Based on agency records, the commission served 6,774 clients from October 1994 to September 1995.

SCCB is supported by appropriations from the General Assembly as well as federal and other funds. In FY 94-95, SCCB's total budget was approximately \$8.3 million, of which approximately \$3.1 million was state general funds. The commission had a staff of approximately 139 full-time equivalents (FTEs) in FY 94-95.

Chapter 1
Introduction and Background

Administrative Issues

In this chapter, we examine administrative operations of the commission which may impact compliance with federal reporting requirements and the delivery of services. In addition, we review the remittance of sales tax by the commission for the business enterprise program.

Client Information System

From 1984 to 1990, SCCB expended over \$600,000 for a computer and software to develop a client information system. The system was not implemented and in 1992, the computer was sold as state surplus property.

SCCB began developing an automated client information system in 1984. Although the system was projected to be complete in two years, the commission had not completed the system as of January 1996 (approximately nine years after projected completion). From 1984 to 1994, the commission spent \$952,000 on equipment and services to implement a computer system. Further, according to an agency official, as of August 1995, an additional \$268,000 is required to complete the system.

A client information system provides historical data on clients such as when cases are closed, and the amount of assistance received. This information is needed to meet the federal reporting requirements of the U.S. Department of Education Rehabilitation Services Administration (RSA). RSA is the federal entity which monitors financial and programmatic aspects of state vocational rehabilitation services. In addition, an automated system would help to improve case management.

The commission presently operates a manual system to collect information from the agency's district offices throughout the state. An employee at the central office enters and edits data from the district offices.

Expenditures for the Client Information System — 1984 Through 1990

In 1984, the commission purchased a Hewlett-Packard computer to develop an automated client information system. From 1984 to 1990, software and consultant services amounting to approximately \$667,000 were also purchased (see Table 2.1).

**Table 2.1: Costs to Implement
the Client Information System**

Year ^a	Purchase	Cost	Total
1984	Hewlett-Packard Computer and Software	\$547,130	\$666,533
1986	Consultant to Assess Computer Needs	\$44,000	
1988	Consultant to Implement System	\$42,000	
1988	Consultant to Develop Program	\$33,403	
1991	DIRM Contract	\$181,125	\$553,370
1991-94	Use of DIRM's Computer Mainframe	\$90,937	
1993-94	System Modifications	\$13,650	
1995	Computer Network	\$267,618 ^b	
TOTAL Expenditures			\$1,219,863

a The approximate time of the purchase.

b Estimated amount to network and complete the system.

Source: 1992 General Services audit, SCCB and DIRM records.

New Commissioner Appointed in 1990

In 1990, a new commissioner was appointed to SCCB. This administration, in consultation with DIRM, concluded that the Hewlett-Packard computer should not be used for the client information system. In 1992, the computer was declared as state surplus property. SCCB officials stated that this decision was based on incompatibility of the Hewlett-Packard computer with the agency's financial system.

In January 1991, SCCB entered into a contractual agreement with DIRM. DIRM was to "design, develop and implement a Client Information System . . ." at a cost of \$181,125. According to an SCCB official, DIRM completed the agreed upon contract by January 1993.

The DIRM contract did not include the costs of computer resources or equipment such as terminals and printers necessary to implement the client information system. From May 1991 to July 1994, SCCB purchased

The commission estimates that the client information system will be fully operational in May 1996.

computer resources for the system for approximately \$91,000. In February 1993 and in April 1994, SCCB requested DIRM to modify the system to add program features at a cost of approximately \$14,000.

The primary work remaining involves development of the computer network between the agency's central office and district offices at an estimated cost of \$268,000. The agency plans to have the client information system fully implemented by May 1996.

Other States and Previous Recommendations

South Carolina and seven other states (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, and Tennessee) comprise region IV of the federal RSA. We contacted officials of entities equivalent to SCCB in these states. All seven of the other states have implemented an automated client information system. According to officials in these states, the client system assists them in meeting federal reporting requirements.

In 1985, the RSA recommended that SCCB place high priority on full implementation of its computer system to improve the timeliness and accuracy of casework management and agency administrative information. In our review of SCCB in 1988, we recommended that SCCB implement an integrated information system (including a client information system) as soon as possible. Further, the division of general services of the South Carolina Budget and Control Board in its 1992 procurement audit of SCCB, concluded that the agency still had a significant need for an automated client information system. General services recommended that the commission consult appropriate state officials and determine what was needed to complete the system.

An automated client information system would help to ensure accurate and timely reports as well as improve case management.

Recommendation

1. The South Carolina Commission for the Blind should expedite completion of the client information system in a cost-effective manner.
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Payment for the DIRM Contract

The commission overpaid the Budget and Control Board \$69,000 for computer services. As a result of this review, approximately \$68,000 was reimbursed to the commission.

In 1994, SCCB overpaid DIRM approximately \$69,000 for services to develop the client information system. As noted above, the contract between SCCB and DIRM to develop an automated system was for \$181,125. The contract did not include the costs of computer resources (approximately \$91,000) or modifications to the system (approximately \$14,000). Therefore, the total costs for development of the system by DIRM was approximately \$286,000.

Between May and December 1991, SCCB made payments totaling \$44,339 for the client information system. Beginning in January 1992, the commission agreed to pay DIRM \$10,000 monthly until the costs to develop the system were paid in full. However, SCCB inadvertently continued to make monthly payments to DIRM until \$354,339 had been paid, approximately \$69,000 more than owed.

As a result of our review, in September 1995, DIRM reimbursed approximately \$68,000 to the commission. The commission used the remaining overpayment of approximately \$1,000 to compensate DIRM for other services provided to the agency.

Recommendation

2. The South Carolina Commission for the Blind should develop and implement procedures to prevent overpayment for services.

Accounts Payable

The South Carolina Commission for the Blind has not always paid suppliers within the time period specified by state law. Section 11-35-45 of the South Carolina Code of Laws requires that suppliers be paid within 30 work days from the receipt of goods and services.

In its 1994 audit of SCCB, the state auditor's office found that 8 (10%) of 80 vouchers processed from July 1993 through August 1994 were not paid within 30 days of the receipt of goods. In addition, in our review of 16 vouchers processed from July 1994 to July 1995, we found that 4 (25%) of the invoices were not paid within 30 days.

The commission has developed written policies and procedures for accounts payable. Also, commission staff attended training sessions on accounts payable in June 1994 and in October 1995.

Recommendation

3. The South Carolina Commission for the Blind should continue to implement procedures to ensure that invoices are paid in a timely manner.

Collection of Sales Tax

State and federal regulations authorize SCCB (the state licensing agency) to operate vending facilities on public and private property. The business enterprise program (BEP) administered by the commission, is responsible for establishing the vending facilities and training and licensing blind clients to operate vending stands.

We were asked to determine if a check from SCCB for sales tax for the BEP was not paid because of "insufficient funds" in the commission's account. The check was alleged to have been written for the payment of sales tax in either December 1994 or in January 1995. We found that there was no problem with payment for sales tax by the commission. Rather, checks from individual vendors to the commission were not paid because of "insufficient funds" in the vendors' accounts.

According to its accounting procedures, the commission collects sales tax from blind vendors each month; deposits the funds in the bank and pays BEP

sales tax to the South Carolina Department of Revenue through an interdepartmental transfer. According to officials of the Department of Revenue, there has been no problem with the payment of sales tax by SCCB.

We reviewed checks written on insufficient funds by vendors to the commission for payment of sales tax. For the periods of December 1994 and January 1995, two vendors wrote checks respectively for \$101 and \$227 which were not paid because of insufficient funds in the vendors' accounts. SCCB collected \$227 from one of the vendors in February 1995; \$101 was collected from the other vendor in March 1995.

Recommendation

4. The South Carolina Commission for the Blind should impose penalties against vendors whose checks are returned due to "insufficient funds" in their accounts.

Compensation to a Former Employee

We were asked to determine if a former SCCB employee was compensated by the commission after he resigned in April 1994. We found that the commission properly paid this person approximately \$114 for annual leave in April 1995 that he should have been paid when he resigned in 1994. We found no other payments to this former employee.

Use of Federal and Other Funds

In this chapter, we discuss the dispute involving distribution of vending machine funds from the Savannah River Site (SRS). Also, we address allowable expenses for federal and other funds.

Savannah River Site Vending Funds

SCCB is conducting proceedings to resolve the dispute involving distribution of profits from SRS vending stands.

In July 1990, SCCB, as the state licensing agency for the business enterprise program, placed five blind licensed vendors at the SRS complex in Aiken, South Carolina. Since that time, the commission has placed one other blind licensed vendor at SRS. Each of these vendors operates a stand by SCCB permit. From October 1993 to September 1994, the individual vendors at SRS received income ranging from approximately \$27,000 to \$65,000 for operating the stands.

In addition, the federal Randolph-Sheppard regulations (34 CFR, Part 395) provide that a percentage of income from stands operated by non-blind vendors on federal property accrues to the state licensing agency for distribution. Funds from vending stands on federal property (including SRS) are deposited in SCCB's concession operators' benefit account. According to an SCCB official, approximately 95% to 98% of the funds in this account come from vending stands at SRS. The remaining funds are from stands on other federal property in South Carolina.

There is a dispute involving the proper distribution of profits from stands operated by non-blind vendors at SRS. In March 1994, the six blind vendors at SRS questioned SCCB's distribution of SRS vending funds to all blind vendors in the state. They contended that only the vendors at SRS should receive these funds. As of January 1996, administrative proceedings to resolve the dispute were ongoing.

Below, we summarize the positions of SCCB and the U.S. Department of Education's Rehabilitation Services Administration (RSA) concerning the distribution of funds. Also, we review the disbursement of funds from the concession operators' benefit account and the use of funds from the account as the "state match" to receive federal monies.

Distribution of Funds

As of January 1996, blind licensed vendors at SRS were seeking a final adjudication on the proper distribution of SRS non-blind vending fund profits. In September 1995, profits accrued from vending stands operated by non-blind vendors at SRS amounted to approximately \$528,000. These funds were generally collected from FY 90-91 to FY 94-95.

Section 395.32(c) of the federal regulations states:

. . . 50 per centum of all vending machine income from vending machines on Federal property which are not in direct competition with a vending facility operated by a blind vendor shall accrue to the State licensing agency which shall disburse such income to the blind vendor operating such vendor facility on such property. In the event that there is no blind vendor, such income shall accrue to the State licensing agency.

Further, §395.8(a) of the regulations limits the amount of distribution to each blind vendor on the federal property. Remaining funds can be used for purposes such as retirement and vacation benefits for blind vendors.

SCCB maintains that each vendor at SRS operates a single facility on the property and that the area not served by the blind vendor is a separate piece of federal property. Since vendors are not considered to be on the same property, the commission's interpretation is that vending machine income accrues to SCCB as the state licensing agency. SCCB has distributed income to all blind vendors in the state in the form of retirement and vacation benefits and has used remaining funds to maintain and to establish new vending facilities.

An initial determination by RSA Region IV (Atlanta) in February 1994 and a second determination in December 1994 by the central office of RSA (Washington, D.C.) concluded that properties at SRS are one rather than separate properties. RSA advised SCCB to first distribute income to blind vendors on the federal property.

As of April 1994, the commission estimated that SRS vending stand profits eligible for distribution to blind vendors amounted to approximately \$150,000 annually. Further, if these funds were distributed only to the six vendors at SRS, each vendor would receive approximately \$25,000 in additional income a year.

Measures to resolve disputes involving the blind vendors program include conducting an administrative review, conducting an evidentiary hearing and consideration by an arbitration panel convened by the U.S. Department of Education. These measures are progressive until the dispute has been resolved.

SCCB held an administrative review on the distribution of SRS funds in April 1994. However, following the review, an SCCB official concluded that the dispute could not be resolved by such a proceeding since the matter required an interpretation of federal regulations. The commission held an evidentiary hearing in January 1996 to attempt to resolve the dispute. As of early February 1996, the outcome of this hearing had not been determined.

Disbursement of Funds

Although a final decision on the distribution of SRS vending funds has not been made, funds have been expended from the concession operators' benefit account. Based on agency records, in March 1994 blind vendors overwhelmingly voted to delay disbursements from SRS monies until another determination could be made on how the funds should be distributed. Nevertheless, between May and December 1994, the commission expended approximately \$4,560 from the account. The funds were generally used for legal services concerning the SRS issue.

In May 1995, the business enterprise vendors' committee agreed to use funds from the concession operators' benefit account to hire legal representation to assist in resolution of the SRS dispute. In September 1995, additional funds of approximately \$6,724 from that account were expended for legal representation for a total of \$11,284.

Pending the outcome of the dispute involving distribution of SRS funds, funds expended from the concession operators' benefit account may have to be reimbursed.

Use as State Matching Funds

One of our objectives was to examine the use of SRS vending funds as the "state match" to receive federal funds. We found that income accrued to the state licensing agency from vending machines on federal property (including SRS) is eligible for federal participation. Program Circular 89-02 of the Rehabilitation Services Administration provides that vending funds used to purchase new or replacement equipment and for the management and

supervision of vending stands qualify as “state match” funds to receive federal funds.

For FY 91-92 and FY 92-93, respectively, SCCB reported expenditures of state matching funds from the concession operators’ benefit account of approximately \$85,000 and \$37,000. We reviewed vouchers for services purchased by the commission in these fiscal years to determine if the purchases were eligible for use as the “state match.” For both periods, we concluded that SCCB purchased eligible services totalling at least the amount reported as the “state match.”

Recommendation

5. The South Carolina Commission for the Blind should not expend additional funds from the concession operators’ benefit account until a final determination on the distribution of Savannah River Site vending income is made.

Basic Support Funds

Basic rehabilitation support includes services related to job training and independent living. We reviewed SCCB’s expenditure of federal section 110 grant allotment funds to determine if they were used in accordance with law. Also, we were asked to determine if SCCB exhausted its federal 110 allotment in April 1995. It was alleged that the commission as a result of exhausting its allotment was unable to provide client services for the remaining months of the federal fiscal year. In addition, we reviewed the commission’s expenditures of social security reimbursement funds.

The expenditure of federal 110 and social security reimbursement funds is governed by the Vocational Rehabilitation Act of 1973 (codified as amended at 29 U.S.C. §701, *et seq.*) and the Office of Management and Budget (OMB) Circular A-87. Allowable costs include a wide range of expenditures, from the administrative costs of grant programs to direct client services.

Federal 110 Grant Allotment Funds

Section 110 of the Vocational Rehabilitation Act of 1973 allocates federal funds to the states, based on a formula, to assist disabled persons in preparing for employment. A 1992 amendment to the act provides additional funds for extension of the program authorization. In FY 94-95, the commission's 110 grant allotment was approximately \$5 million.

The U.S. Department of Education's Rehabilitation Services Administration (RSA) conducted reviews of SCCB from FY 91-92 to FY 93-94. However, RSA did not review disbursement of 110 funds but rather focused on the commission's federal reporting requirements. For FY 91-92 and FY 92-93, RSA concluded that SCCB did not track expenditures through separate accounts for the basic support funds. This made it difficult to determine whether basic support expenditures were reported as required. For FY 93-94, RSA found no major problems in tracking expenditures; however, SCCB continued to make errors in reporting.

To determine if the commission expended funds in accordance with the law, we reviewed a sample of 12 vouchers from FY 94-95 totalling approximately \$18,600 of \$5 million authorized. We found no evidence that the commission used 110 funds for purposes other than those authorized by law. The expenditures reviewed generally involved equipment for client rehabilitative services and staff travel and legal expenses to administer grant programs.

Further, we interviewed an RSA official concerning the allegation that SCCB exhausted its 110 funds in April 1995. According to this official, the commission did not exhaust its allotment. In fact, SCCB carried forward federal funds of approximately \$580,000 in FY 93-94 and \$1.5 million in FY 94-95. In addition, our review of 110 vouchers showed the expenditure of funds after April 1995.

We found no evidence that the commission exhausted federal 110 funds before the end of the fiscal year.

Social Security Reimbursement Funds

Federal law provides that social security funds be used to reimburse the costs of rehabilitating disabled persons. For a state to receive these funds, a disabled client must be continuously employed for nine months. As provided by the 1992 amendment to the Vocational Rehabilitation Act, social security reimbursement funds are to be used to support vocational rehabilitation services. In addition, the amendments provide that unobligated and unexpended grant funds appropriated for one fiscal year may be carried over to the next fiscal year. From FY 92-93 through October 1995, SCCB carried forward funds totalling \$744,298. For this period, the commission was appropriated \$404,594 in social security reimbursement funds (see Table 3.1).

**Table 3.1: Social Security
Reimbursement Transactions**

Time Period	Carry Forward	Appropriations	Expenditures	Balance
FY 92-93	\$230,381	\$60,948		\$291,329
FY 93-94	\$291,329	\$72,272	\$291,329	\$72,272
FY 94-95	\$72,272 ^a	\$150,316		\$222,588
FY 95-96 ^b	\$150,316	\$121,058		\$343,646

a In FY 95-96, the commission transferred funds carried forward from FY 93-94 (\$72,272) into another social security reimbursement account for the year of the grant award. This amount is included in the FY 95-96 reimbursement balance.

b As of October 1995.

Source: SCCB.

We reviewed SCCB financial reports for social security reimbursement funds. In FY 93-94, the commission expended approximately \$291,300 in social security funds to replenish the federal 110 account. This problem was a result of a miscoding error. RSA found that basic support funds had not been disbursed from the appropriate sub-account. The commission's accounting records did not support its financial reports. Otherwise, social security reimbursement funds have been carried forward to the following year. As of October 1995, the commission had a balance of approximately \$343,600 in social security reimbursement funds.

Client Services

In this chapter, we review training provided to clients and the process for selection of clients to operate vending stands. We also examine reasons for the decline in client case closures. These areas are discussed below.

Contract for Rural Orientation and Mobility Training

The South Carolina Commission for the Blind has continued its contract with the Rocky Bottom Camp for rural orientation and mobility training, despite low and repeat attendance by clients. The camp, located in Pickens County, is owned and operated by the National Federation for the Blind of South Carolina, a private nonprofit organization. SCCB entered its initial contract with the federation in September 1991 and renewed the contract yearly from 1992 through 1994. The last contract period ended in September 1995.

The commission paid \$34,000 for training in 1991 and \$38,000 for each of the three subsequent contract years. The contract provides for eight training sessions per year. Each session consists of a four-day/three-night session. During the four contract years, a total of 173 clients were served at the camp.

Rural mobility and orientation training involves teaching blind clients to travel independently in a rural environment with the use of a long cane. Under the contract, training is also provided in braille and interpersonal skills.

Low Attendance

According to the 1994-1995 contract, the Rocky Bottom Camp accommodates a minimum of 20 and a maximum of 35 persons including 8 staff. If the full quota of staff were to attend a training session, the *minimum* number of clients that should participate in the session would be 12.

From September 1991 to September 1995, we found that fewer than 12 clients attended the camp in 15 (47%) of the 32 training sessions held (see Table 4.1). In one session, only five clients participated; in two other sessions, six clients participated.

**Table 4.1: Client Participation at
Rocky Bottom Camp —
1991-1994 Contract Periods**

# of Participants	# of Sessions	% of Total Sessions
5-11	15	47%
12-18	14	44%
Above 18	3	9%
Total	32	100%

Contracts from September 1991 through September 1993 do not stipulate a cost per client trained. Although the 1994 contract specifies a per client cost of \$200, there is a required minimum fee regardless of the number of clients attending. Based on this per client cost, the commission paid approximately \$8,600 for clients who did not attend the camp during the 1994-95 contract year.

According to an SCCB official, the agency has not combined or cancelled sessions with small enrollments. This official stated that such action would disrupt the training schedule established by the commission.

Repeat Attendance

In addition, repeat attendance at the camp has been very high. In 20 (63%) of the 32 training sessions, 50% or more of the clients had attended the camp previously. For example:

- ☐ One client attended the camp 14 times: one session during the 1992-1993 contract year; seven sessions during 1993-1994; and six sessions during 1994-1995.
- ☐ Two other clients participated in 11 of the 32 training sessions. One of the clients attended seven of eight sessions in one year while the other attended six sessions in a year.
- ☐ Of the 173 total clients served at the Rocky Bottom Camp over four years, 89 (51%) had attended the camp previously. In two sessions of one contract year, all of the 9 and 14 participants respectively had participated in training before.

An SCCB official stated that it is not unusual for clients to require repeat training in rural orientation and mobility. Further, according to an official of the Florida Division of Blind Services, training requires mastery of individual skills sequentially over a long period of time. As noted earlier, each training session at Rocky Bottom Camp consists of four days and three nights. Also, the lapse between sessions at the camp has ranged from two weeks to three months over the four contract years.

Alternatives

In South Carolina, alternative orientation and mobility training is available through the commission's mobile outreach program. Instructors for this program train clients in a setting such as a church. Also, clients are trained in their home environments which could include a rural setting. In addition, training is provided at the agency's rehabilitation center in Columbia.

According to officials of agencies serving the blind in seven southeastern states (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, and Tennessee), orientation and mobility training in a client's home environment is the most appropriate training. These states do not operate a program comparable to that of Rocky Bottom Camp. Training is usually provided in a client's home environment or a rehabilitation center.

SCCB requested the U.S. Department of Education to review the effectiveness of training provided at the Rocky Bottom Camp.

In September 1995, the commission did not renew the contract with Rocky Bottom Camp pending review of other options. In January 1996, SCCB requested the U.S. Department of Education's Rehabilitative Service Administration to conduct a fiscal and program review of the rural orientation and mobility program at Rocky Bottom Camp. According to RSA, "The review will include an examination of the contract, a study of the administration of the contract, an assessment of compliance with Federal law, regulations and policies, and an evaluation of the effectiveness of the program." RSA has scheduled an on-site visit in February 1996.

Because only 173 clients have been served over a four-year period, continuing the contract with Rocky Bottom Camp for rural orientation and mobility training may not be an effective use of commission funds.

Recommendation

6. The South Carolina Commission for the Blind may wish to consider not renewing the contract for rural orientation and mobility training and explore other options for providing rural orientation and mobility training.

Business Enterprise Program Placements

One of our audit objectives was to review the process by which the vendor selection committee selects vendors to participate in the business enterprise program. Because of limited information, we were unable to determine why the committee chose any one vendor from a group of vendors bidding for the same stand. We reviewed the placements of four vendors and found no evidence that the committee's decisions were inappropriate.

SCCB's vendor selection committee made up of commission staff and BEP vendors, reviews candidates who bid for placement in available stands. According to BEP policy, the committee bases its selection on five general criteria: demonstrated knowledge of business practices (30%); work habits (20%); work attitudes (20%); demonstrated ability to handle the physical demands of a stand (15%) and seniority as a stand manager (15%). The committee interviews the candidates. If a candidate has operated a stand, the BEP counselor submits a recommendation to the committee. If a candidate has not operated a stand, the candidate's rehabilitation counselor submits a recommendation. The committee can request other relevant information as needed.

We reviewed the selection of one vendor trained/certified in FY 92-93 and one vendor trained/certified in FY 93-94. Both of the vendors were placed in stands in FY 94-95. In addition, we reviewed the selection of a vendor awarded a stand in FY 94-95 over other candidates who allegedly were more qualified. Finally, we reviewed the selection of the vendor having the highest earnings (\$102,696) in FY 93-94. This vendor was placed in the stand in 1988.

SCCB does not maintain minutes of vendor selection committee meetings. Therefore, we were unable to review discussions of the committee concerning placements or candidate interviews. We reviewed recommendations submitted on behalf of candidates and assessed the candidates' qualifications based on established criteria. We found no evidence of problems with the four placements reviewed.

Documentation of vendor selection proceedings would help to ensure consistency in vending stand placements. In addition, §30-4-90 of the state Freedom of Information Act requires public bodies to keep written minutes of meetings.

Recommendation

7. The South Carolina Commission for the Blind should maintain minutes of BEP vendor selection committee meetings, including documentation of selection decisions.
-

Closures

The vocational rehabilitation division of the South Carolina Commission for the Blind provides assistance to clients in securing employment and in achieving economic independence. Vocational rehabilitation counselors work with clients to identify needed services. The commission requires each vocational rehabilitation counselor to obtain a specified number of successful closures each year.

The counselor closes a case when a client is considered successfully rehabilitated. For a client to be considered successfully rehabilitated, the commission must have provided services that have a discernible impact on the client's condition. This may include clients who are placed in a job as a result of commission services, those employed but who need services to retain employment and those who need services such as homemaking skills, to function independently although not employed.

We reviewed statistics on case closures for the past three federal fiscal years from October 1992 to September 1995. From FY 92-93 to FY 93-94, closures dropped from 228 to 111, a 51% decrease. In FY 94-95, 151 cases were closed, a 36% increase from the previous year. However, this still represented a significant decrease in closures from FY 92-93 (see Table 4.2).

Table 4.2: SCCB Closures

Time Period	# of Closures	% Increase (Decrease)
FY 92-93	228	(20%)*
FY 93-94	111	(51%)
FY 94-95	151	36%

a There was a decrease in closures from FY 91-92 (286) to FY 92-93 (228).

We interviewed SCCB officials and officials of other southeastern states and reviewed agency records to determine reasons for the decline in closures. According to some of the officials and documents, the decline was due to 1992 amendments to the Vocational Rehabilitation Act which focused on treatment of the most severely disabled population. Most severely disabled clients are those who are deaf/blind or who have a disability in addition to blindness, such as paraplegia or diabetes.

However, SCCB officials maintained that the disability level of clients served by the Vocational Rehabilitation Division before and after the 1992 amendments remained the same. Therefore, we examined other possible reasons for the decline in closures. Our findings are detailed below.

Medical Services

In our 1988 audit of SCCB, we found that cases were closed as successfully rehabilitated when the primary service provided to the client was a medical procedure. The federal Rehabilitation Services Administration (RSA) allowed such closures. However, a 1982 General Accounting Office report concluded that this practice overstated an agency's accomplishments. In addition, an RSA official questioned closure of cases when a medical procedure was the only significant service provided to a client who returned to his previous job. Our sample of cases in 1988 showed that the commission closed 35 (29%) of 120 cases as successfully rehabilitated when the primary client service was a medical procedure.

During this audit, we reviewed a 1993 RSA report of SCCB which found that a large number of closures sampled included only medical services provided to the client. According to an RSA official, shortly after this review, SCCB discontinued counting these cases as closures. Also, SCCB officials at the

main headquarters and at the district level stated that cases in which the main service is medical treatment are no longer considered as successfully rehabilitated.

The discontinuation of this practice may impact the number of yearly closures, especially considering that these cases made up almost one third of our 1988 sample and were cited as problems by federal officials on numerous occasions.

Staff Turnover

We reviewed the closures for individual counselors and found that nine of the ten counselors employed in FY 92-93 did not equal or exceed their case closures in FY 93-94. This may, in part, be due to not counting cases where only a medical procedure was provided (see above).

Also, our review revealed that three of the ten counselors employed by the commission in FY 92-93 resigned their positions in the following year. Closures for one of the counselors decreased by 40% (from ten in FY 92-93 to six in FY 93-94). This counselor worked 7 months of the 12-month closure period. A second counselor who resigned in April 1994, closed 17 cases in FY 92-93 as compared to 1 case the next year. The third counselor resigned at the end of the closure period.

The commission hired three vocational rehabilitation counselors in FY 94-95. From FY 93-94 to FY 94-95, closures increased by 36% (see Table 4.2).

District Budgets

The commission has not developed written procedures to determine the budget allocation for client services by district. In addition, procedures have not been developed to ensure that district counselors are informed of the budget status. The lack of these written policies and procedures may have a negative impact on the closure of cases.

The commission maintains 11 district offices in 3 regions throughout the state. Each region is headed by a director. The director is responsible for monitoring operations of the district offices and allocating the district budget on a quarterly basis.

We interviewed the regional directors to determine how the budget for client services is determined and communicated to counselors by district. These

officials stated that the allocation is based primarily on district caseload. Further, according to the directors, counselors are aware of the district's budget status through frequent communication between the counselor and the director. Only one of the directors provided evidence of written communication to the counselors about the budget.

Recommendation

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8. The South Carolina Commission for the Blind should establish criteria to determine the budget allocation for client services by district. Procedures should include time frames for dissemination of budget information to the district counselors.

Agency Comments

**Appendix
Agency Comments**



South Carolina Commission for the Blind

1430 CONFEDERATE AVENUE • COLUMBIA, SOUTH CAROLINA 29201 • PHONE 734-7520 • FAX 734-7885

DONALD GIST, Commissioner

February 21, 1996

George L. Schroeder
Director, Legislative Audit Council
400 Gervais Street
Columbia, SC 29201

Dear Mr. Schroeder:

We are extremely pleased with the results of the six-month Legislative Audit Council Limited Scope Review of the South Carolina Commission for the Blind. It is our understanding that this review was requested by members of the South Carolina General Assembly to address specific concerns involving administrative issues, the use of federal and other funds, and client services. Your review focused on nine audit objectives and referenced your 1988 LAC Audit of the agency.

We are proud that your 1996 review found no material problems and substantiates the progress made by this agency since 1990. This is the latest in a series of audits that have been hurled at the Commission. On information received from the LAC and those conducting the Special Review Audit in 1994, these vicious allegations emanate from ousted board chair Earlene Gardner. Her allegations in these audits have proven to be misleading, rife with non-truths, and attempts at racial polarization.

This audit verifies the Commission is managing its resources appropriately. It shows to the public and the General Assembly that the Commission properly used its federal and other funds, did not exhaust its client services monies in April 1995, and properly used Savannah River Site (SRS) vending funds as "state match" to receive federal funding. The SRS ongoing litigation is being directed by the Office of the South Carolina Attorney General on behalf of the Commission. Consequently, we shall await the outcome.

The 1996 audit dispels the ludicrous rumor that the agency had bounced checks, when in actuality it was some blind licensed vendors of the Business Enterprise Program (BEP) who presented "insufficient funds" checks for payment of their sales taxes. Your report recommends the agency "impose penalties against vendors whose checks are returned due to 'insufficient funds' in their accounts."

The South Carolina Commission for the Blind continues to ensure that invoices are paid in a timely manner. The Commission has implemented (as the report indicates) procedures under my administration which not only have improved the efficiency rate of bill payment, but which have eradicated a longstanding problem involving the lack of fiscal accountability in the agency. The previous LAC Audit of 1988, when used as a measurement of fiscal performance by this administration, becomes one of the most glaring barometers of the agency's tremendous progress during the past six years.

February 21, 1996
George L. Schroeder
Page 2

In the area of client services, the Commission for the Blind has requested that a federal team review the particulars of the Rural Orientation and Mobility Program at the Rocky Bottom Camp of the Blind. Our rationale is that the science of orientation and mobility is highly specialized with instruction requiring sequential learning. It is our opinion that the program should be reviewed by individuals who are specialists in this area. Meanwhile, the agency continues to explore alternative sites for rural orientation and mobility, as this is a vital program.

In terms of vocational rehabilitation closures, the 1988 LAC Audit strongly recommended the Commission discontinue being a medical services payment agency and focus on employment outcome. The 1992 Rehabilitation Act Amendments also require this. In the 1988 review, 29% of the cases closed as successfully rehabilitated were due to a medical procedure being the primary service. In complying with both the recommendations of the earlier audit and the Rehab Act Amendments, closures fell. However, they now are rising, and we are proud to report that the agency had a 97% success rate in meeting its 1995 closure goal, placing 151 of 155 individuals in employment. Employment outcome is the mandate of the Vocational Rehabilitation program.

BEP program selections are based on this administration's commitment to ensure that **all vendors -- regardless of race, sex, age, etc. -- have an equal opportunity for participation.** Allegations involving BEP selections stem from detractors of the agency who have attempted to undermine selections when they result in an African-American or an individual who is not their (detractors) choice being placed. As per your recommendation, minutes of selection meetings will be maintained.

The 1996 LAC Report substantiates that we have developed phase one and phase two of a comprehensive management information system (computers) with the wide area network (WAN) scheduled to be completed by May of 1996. To date, the agency has automated accounting, purchasing, payroll, client information, employee leave and all SCCB district offices have access to on-line communications with the Social Security Administration, Rehab Services Administration in Washington and Atlanta, Human Resources (State Personnel), and the State Comptroller General's Office. Allegations about the client information system were filed by detractors who were aware of the completion schedule.

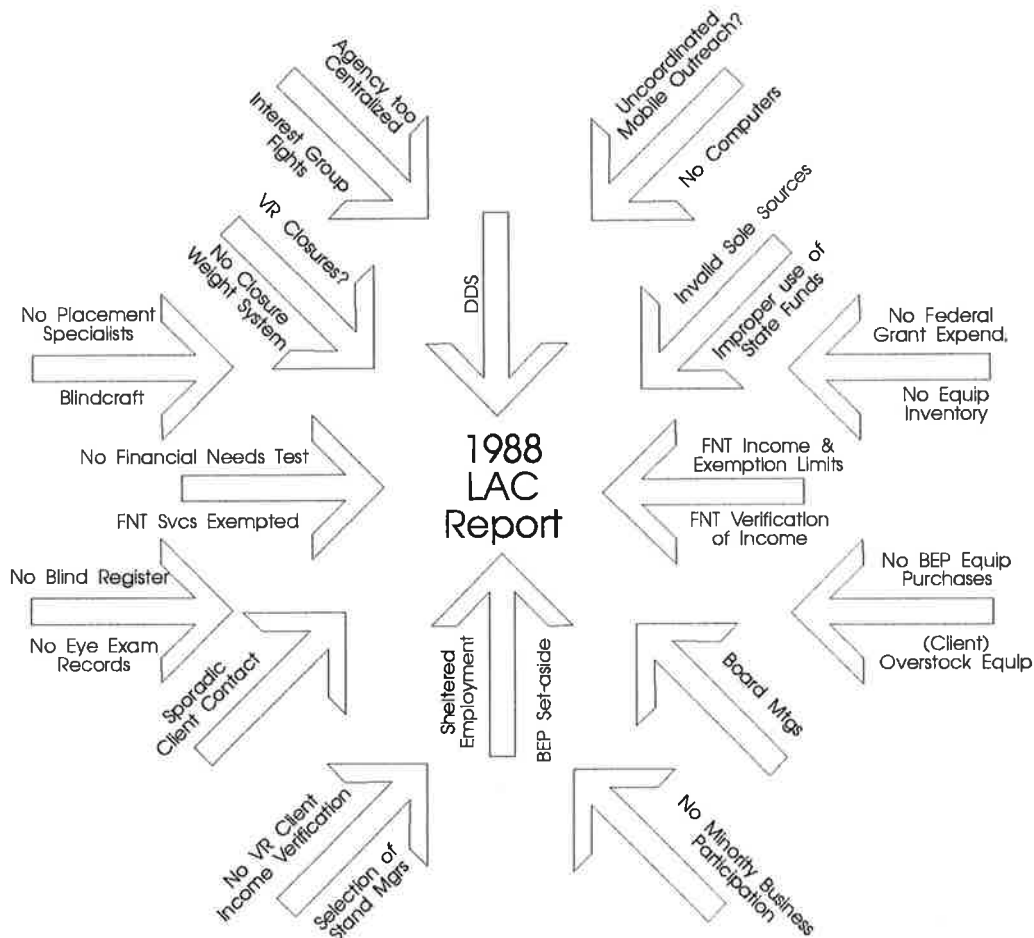
When the LAC came into the Commission for the Blind in 1988, the review showed 28 material problems and 155 sub-findings. Today, in 1996, there are eight recommendations, no sub-findings, and no major material problems (See 1996 LAC Executive Summary, pg. v).

Sincerely,

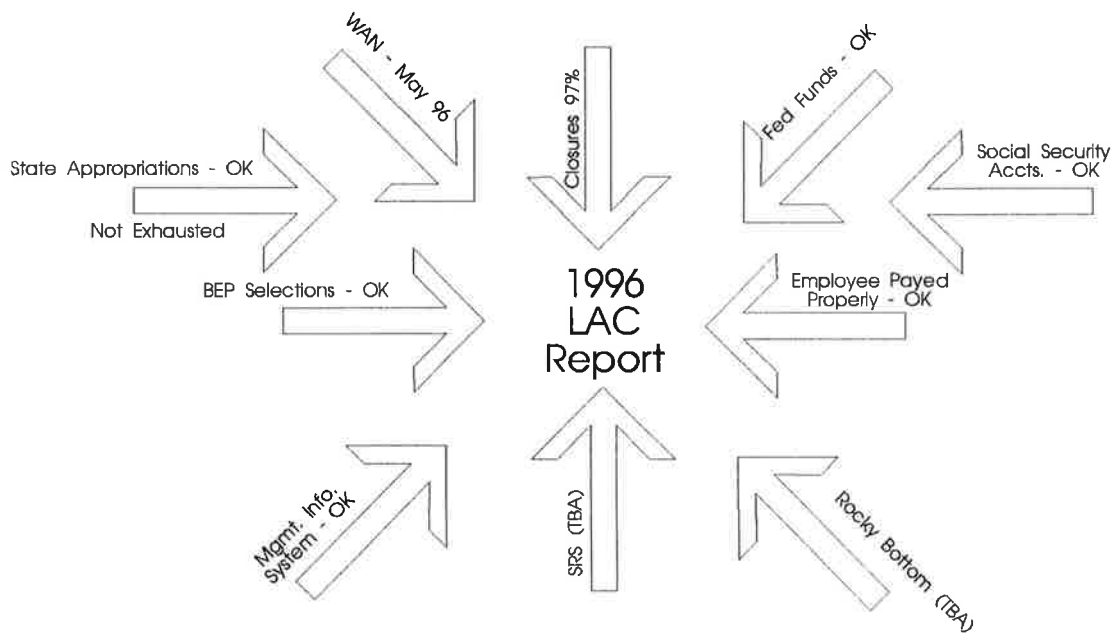
A handwritten signature in dark ink, appearing to read "Donald Gist", with a long horizontal flourish extending to the right.

Donald Gist
Commissioner

SCCB 1988 LAC Audit



SCCB 1996 LAC Audit



CLIENT INFORMATION SYSTEM

LAC Recommendation: The Commission for the Blind should expedite completion of the client information system in a cost effective manner.

SCCB Response: The Agency unequivocally agrees with the LAC evaluation of the status of the client information system at South Carolina Commission for the Blind (SCCB). The LAC's separation of the past administration's failures from this administration's accomplishments involving the client information system indicates that the Agency is accomplishing its goal and is proceeding on schedule. The timetable for completion is May 1996. **The filing of this issue and the timing of filing were attempts to misrepresent to the public that the Agency was not completing its system as scheduled.**

As indicated in the 1996 LAC report, in 1991 the Agency aggressively began developing a comprehensive management information system. A management information system (MIS) comprises tracking both programmatic (client information) and administrative (finance and personnel information) data, automated communications office-to office and electronic access to and reporting and transmission of data, etc.

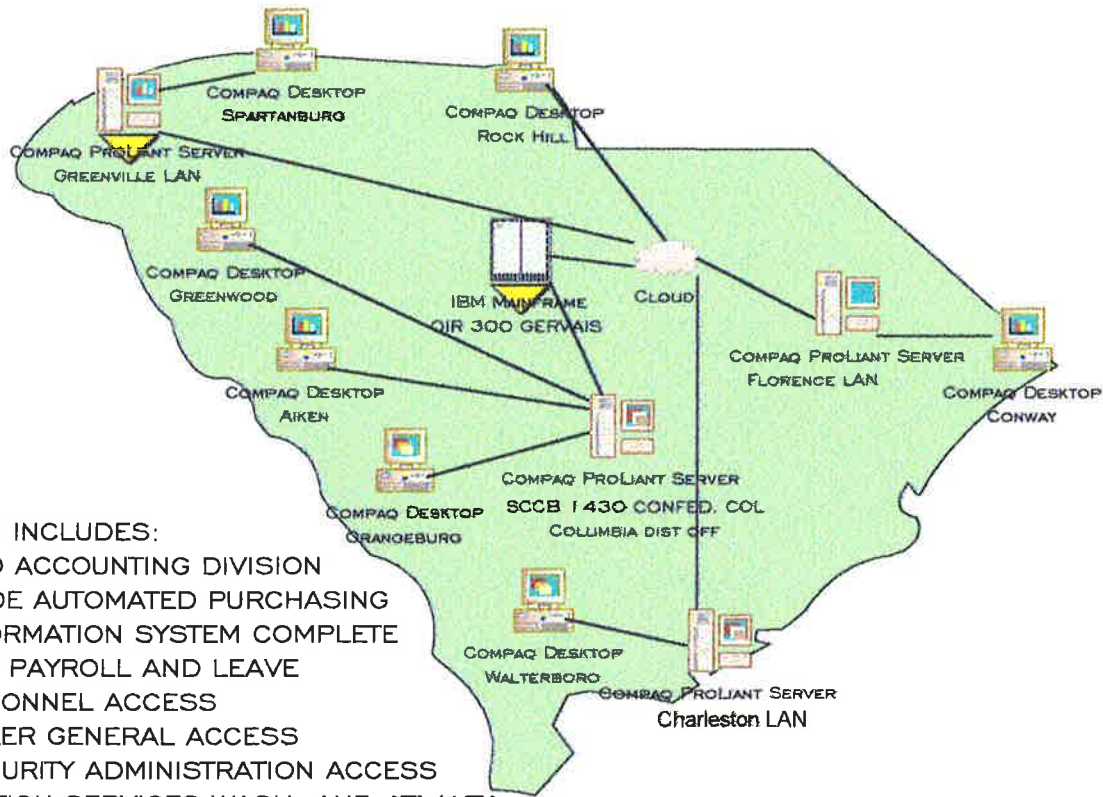
The 1988 LAC report on the Commission for the Blind supports the current administration's efforts in moving away from a mainframe computer, discontinuing the use of improper sole source contracts/consultants, and initiating a cost effective management information system through the Budget and Control Board. Also, the 1988 LAC report found no automated accounting system in existence. The report recommended the development of an "integrated total management information system." This administration has developed and implemented **phases one** and **two** of a comprehensive management information system and is **on schedule** with its client information system (CIS).

One of the first acts of the current administration was to 1) hire and assign a project manager as recommended by 1988 LAC report, 2) contract with the SC Budget and Control Board - Division of Information Resource Management (DIRM) to develop client information system software and 3) to immediately devote resources and personnel to develop phases one and two of a management information system.

The Agency's evaluation of its automation needs resulted in the building of a wide area network using personal computer architecture throughout the State. This administration entered a contract with DIRM for \$181,125, as opposed to \$666,533 expended by the former administration to build a singular wing client information system. (See 1988, 1996 LAC reports) A client information system is a single component of management information system. The attached representation depicts the difference between a comprehensive management information system and a stand alone client information system.

Today, the SCCB in consultation with DIRM's networking division has planned and implemented a PC based Management Information System, which includes: a financial package (accounting, payroll, budgeting, federal reporting, purchasing); automated personnel records and leave system; office-to-office communication and file transfer; peer-to-peer conferences; State Human Resource (State Personnel) access; Comptroller General's access; on-line file and communications access to the US Department of Education - Rehabilitation Services Administration in Washington DC and Atlanta, GA and US Department of

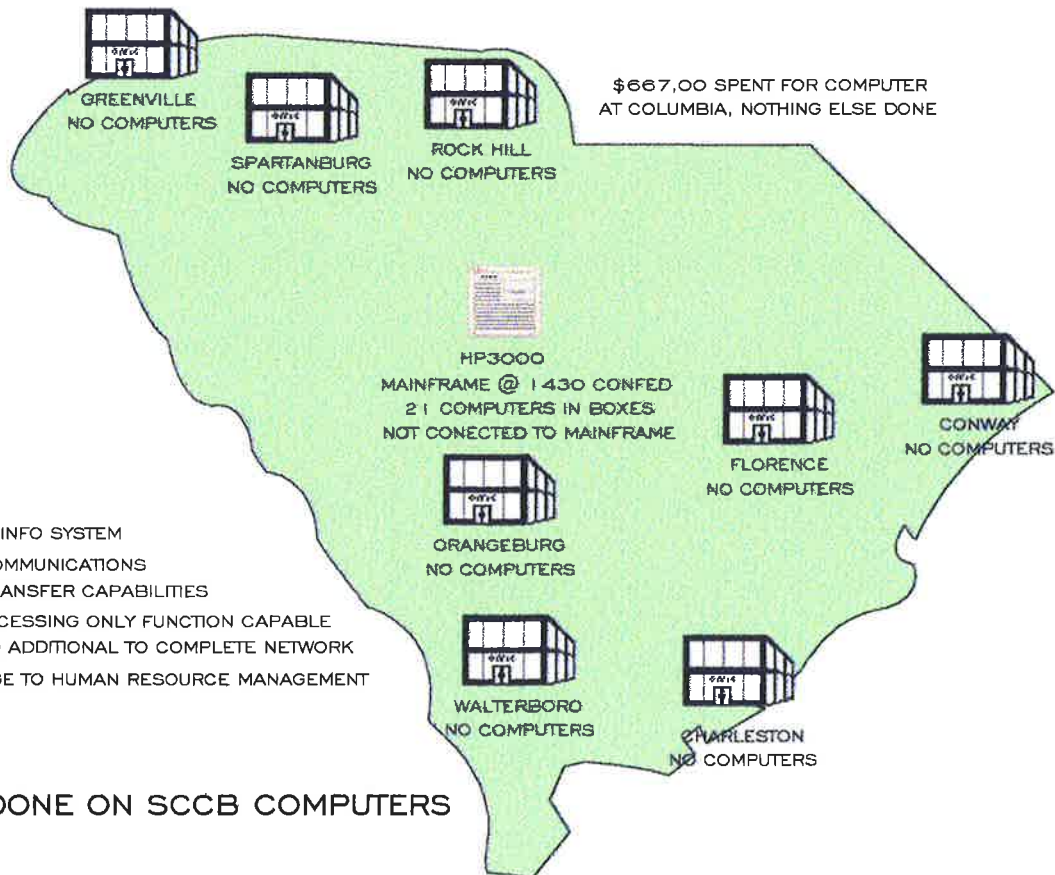
SC COMMISSION FOR THE BLIND 1996



MIS SYSTEM INCLUDES:

NETWORKED ACCOUNTING DIVISION
 AGENCY WIDE AUTOMATED PURCHASING
 CLIENT INFORMATION SYSTEM COMPLETE
 AUTOMATED PAYROLL AND LEAVE
 STATE PERSONNEL ACCESS
 COMPTROLLER GENERAL ACCESS
 SOCIAL SECURITY ADMINISTRATION ACCESS
 REHABILITATION SERVICES WASH. AND ATLANTA
 MOTOR VOTER REGISTRATION ACT
 AGENCY WIDE E-MAIL SYSTEM, FILE TRANSFER

SC COMMISSION FOR THE BLIND 1990



NO CLIENT INFO SYSTEM
 NO RSA COMMUNICATIONS
 NO FILE TRANSFER CAPABILITIES
 WORD PROCESSING ONLY FUNCTION CAPABLE
 \$500,000 ADDITIONAL TO COMPLETE NETWORK
 NO LINKAGE TO HUMAN RESOURCE MANAGEMENT

GRAPHICS DONE ON SCCB COMPUTERS

Health and Human Services - Social Security Administration; on-line medical consultant conferencing and agency-wide access by all SCCB sites to a fully operational CIS that meets all Federal reporting requirements.

The 1996 LAC report does not detail the intricacies of the current MIS project as evidenced in the first paragraph of its report. This assertion is the result of a one-hour conversation about a plan which took **two years** of work and planning to conceive. The \$268,000 figure includes the \$70,000 required to adapt the system for the blind employees. This adaptation was not optional, but required to comply with the Americans with Disabilities Act. The auditor does not consider this. Commission could not implement a system for only the sighted when there are 27 blind employees who also have to use it. The current administration has planned and implemented a fully operational Management Information System which is fully accessible to all persons. This has been accomplished in a climate of constant audits, payback issues and hostile politics. The remaining \$268,000 dollars will buy all of the hardware necessary to complete the Wide Area Network of the SCCB.

LAC Recommendation: The South Carolina Commission for the Blind should develop and implement procedures to prevent overpayment for services

SCCB Response: During the early months of fiscal year 1992, when the Agency entered the contract with the SC Budget and Control Board - Division of Information Resource Management, the Agency did not have procedures to prevent overpayment. However, near the end of FY 1992 (upon hiring a new accounting manager and initiating full usage of an automated accounting system) the Agency implemented procedures to prevent overpayment of contracts and invoices. The procedures entail issuing purchase orders for all contracts/invoices, entering the purchase order information as encumbrances in the automated accounting system and paying the invoices against the encumbered, contracted amounts.

The LAC review in no way influenced nor discovered the overpayment. Prior to the audit being announced, the SCCB project director discovered the overpayment and brought it to the attention of the Department of Information Resource Management officials. This overpayment occurred as a result of ongoing discussions regarding possible changes to the DIRM contract. After the payments were stopped, negotiations began with the DIRM director, Ted Lightle, for network wiring at 1430 Confederate Avenue and the development of an automated Individualized Written Rehabilitation Plan.

The decision to transfer the funds back to SCCB occurred only after the DIRM director proved unable to provide the wiring and hardware needed at 1430 Confederate Avenue to complete the communications network. This was an isolated occurrence between two state agencies, one of which (Budget and Control Board) is the supervising legal authority over all state agencies. **No taxpayer dollars were lost, and certainly the state of South Carolina will not cheat itself.**

ACCOUNTS PAYABLE

LAC Recommendation: The South Carolina Commission for the Blind should continue to implement procedures to ensure that invoices are paid in a timely manner.

SCCB Response: The South Carolina Commission for the Blind (SCCB) agrees with the LAC recommendation and continues to implement procedures to pay its invoices in a timely manner. Based on a non-random, unscientific sample the LAC report states that the Commission for the Blind has paid 75% of its bills timely. However, the Agency wants the public to know that its own analysis shows a 96% efficiency rate for payment of its bills.

The Commission for the Blind has implemented (as the report indicates) procedures under the Gist Administration which not only have improved the efficiency rate of bill payment but eradicated a longstanding problem involving the lack of fiscal accountability in the Agency. The LAC Audit of 1988, when used as a measurement of fiscal performance by this administration, becomes one of the most glaring barometers of the Agency's progress during the past six years.

The 1988 audit cited the following: non-compliance in the areas of contract management and the SC Consolidated Procurement Code; improper expenditures on sole source contracts; improper expenditures made from federal grant accounts; and circumvention of the state appropriation process.

Since 1990 and the appointment of the present Commissioner, the Agency has complied with and enforced the LAC recommendations to correct the deficiencies cited in their 1988 report. While the 1996 LAC Report is limited in scope to certain items, the Agency is proud of its financial progress in comparison with the LAC findings of 1988 which detailed a multitude of problems. The chart below details the immense problems existing in the SCCB prior to the Gist Administration, and the parallel columns will show overall improvement.

SCCB Financial Condition	
1988 LAC Report	1996 LAC Report
1. Contracts for Management Finding: Unauthorized procurement, improper sole source contracts.	1. Contracts for Mgt Finding: Agency has an operable automated procurement mgt syst and controls are in place to prevent unauthorized procurement problems.
2. Mgt of State Funds Finding: Appropriations process circumvented.	2. Mgt of Funds: Finding: 1996 LAC Report shows no appropriation improprieties, no misgmt of federal funds, and proper use of state match funds.
3. Federal Grant Expenditures Finding: Mismanagement of grant funds.	3. Federal Grant Expenditures Finding: 1996 LAC Rpt. found no evidence that the Commission used grant funds for purposes other than authorized by law. Funds not exhausted.
4. Equipment Inventory Finding: No controls over client equipment.	4. Equipment Inventory Status: Agency has a comprehensive automated equipment inventory control system in place.
5. BEP Equipment Purchasing Practices Finding: Resources not used in most efficient manner.	5. LAC Review of BEP indicates no problems in use of state matching funds and resources were used efficiently.

The Commission pays its bills according to state law and regulations as outlined in the South Carolina Comptroller General's (CG) Policies and Procedures Manual. The manual governs the management of state government agencies.

Per the CG's manual, timeliness of payment is measured from the date of the receipt of goods or services or receipt of the valid invoice, whichever is later to the number of workdays the invoice is delivered to the CG's Office. A letter from the SC Comptroller General's Office dated February 20, 1996 supports the Agency's interpretation and application of the law.

According to the Legislative Audit Council reviewer, timeliness of payment was measured beginning with the date goods and/or services were received and ending with the date of issuance of the check by the SC State Treasurer's Office. The LAC reviewer's methodology differs from the state regulations outlined in the CG's manual and appears to ignore some fundamental sections of the regulations. The LAC report depicts an incorrect basis for its measurement of the timeliness of payment. The reviewer's misapplication of the law results in an inaccurate determination that only 75% of the Agency's bills were paid timely.

However, when applying the accounts payable regulations as outlined in the **SC Comptroller General's Policies and Procedures Manual**, the Blind Commission staff found that only one (1) of the 16 vouchers was paid untimely. Fifteen of the sixteen vouchers (96%) were paid timely. See the chart below.

**The BLIND COMMISSION PAID ITS BILLS IN ACCORDANCE WITH
STATE LAW AND REGULATIONS 96% (15 OF 16) OF THE TIME.**

The LAC report asserts that 16 vouchers were tested for timeliness of payment and that four of the invoices were not paid within 30 days of the receipt of goods. SCCB's analysis illustrates that three of the four invoices were delivered to the SC Comptroller General's (CG) Office within 30 workdays of receipt of valid invoices and/or receiving reports. It appears that the LAC did not consider all applicable state regulations in their review of the vouchers. Three principle regulations that apply to the processing of invoices for payment include:

1. State of South Carolina - Office of Comptroller General Disbursement Regulations, Section 4.2.22.1-3, page 97 states: "..... all vouchers for payment of purchases of goods or services shall be delivered to the Comptroller General's Office within thirty (30) workdays from receipt of the goods or services, whichever is received later by the Agency."
2. Section 4.2.22.3-4, page 98 reads: "The thirty (30) workday time frame begins with the Agency's receipt of the goods or services or the invoice, whichever is later. The Agency is responsible to see that information necessary to determine when the invoice is received by the Agency is shown on the invoice."
3. Further Section 2.1.3.10, page 2 states: ".....a Disbursement Voucher (Stars Form 60) is prepared based on valid invoice from a vendor and receipt of the invoiced goods."

<u>VOUCHER/PAYEE</u>	<u>AMOUNT</u>	<u>INVOICE DATE</u>	<u>DATE INV REC'D BY FINANCE</u>	<u>REC RPT REC'D BY FIN</u>	<u>DATE DELIV TO CG</u>	<u>NO. WORK DAYS</u>	<u>STATE TREA DATE PAID</u>
DI 471 LOW VI	28.08	8/22/94	NO STAMP	8/23/94	9/23/94	22	10/5/94
		8/11/94	NO STAMP	8/22/94	9/23/94	23	10/5/94
DV1004 CAM CHEF	1,311.45	10/29/94	11/2/94	11/12/94	11/10/94	5	12/19/94
DV5479 EYE ALSO	5.00	5/10/95	5/12/94	5/15/94	7/20/95	47	7/24/95
DV5643 ROB OPIC	107.14	5/24/95	7/20/95	5/5/95	7/20/95	1	7/24/95

The voucher payable to Campus Chef was returned from the Comptroller General's Office to the Agency due to a change in the vendor's name. This vendor did not notify the Agency of the name change until Accounting staff solicited the information from the vendor. Even with a paid date of 12/19/94, the invoice was still processed within 30 workdays.

1994 HOLIDAYS - SEPTEMBER 5, NOVEMBER 8, 11, 24, 25

COLLECTION OF SALES TAX

LAC Recommendation: The South Carolina Commission for the Blind should impose penalties against vendors whose checks are returned due to "insufficient funds" in their accounts.

SCCB Response: The Agency unequivocally agrees with this recommendation and would like to report to the Legislature that one of the reasons for the filing of the LAC Limited Scope Review was due in part to the Agency imposing disciplinary actions against blind licensed vendors who wrote "insufficient funds" checks.

This LAC review occurred with misinformation supplied to legislators about the financial affairs of the Commission for the Blind. The report now vindicates the Agency in its right to discipline blind licensed vendors who violate the law and/or Agency policies and procedures. These vendors operate concession stands established by SCCB in private, state, and federal complexes and at rest areas on South Carolina's interstate highways. They are trained, licensed, and supervised by the Agency. It is illegal for any citizen -- blind or sighted -- to write bad checks. The Agency is pleased that now the Legislature and the public will finally understand the reasons two audits were filed by this group of detractors. In compliance with the LAC recommendation, we will impose penalties.

USE OF FEDERAL AND OTHER FUNDS

LAC Recommendation: The South Carolina Commission for the Blind should not expend additional funds from the concession operators' benefits account until a final determination on the distribution of Savannah River Site vending income is made.

SCCB Response: This is a legal matter which will require judicial determination; therefore, any conclusion pertaining to fund disbursement and accompanying legal fees are solely within the purview of the federal courts. The use of federal dollars to maintain litigation against the federal government is statutorily prohibited. The SC Attorney General's Office, which is a party to this proceeding, cleared the use of outside attorneys and is providing a staff attorney.

FEDERAL 110 GRANT ALLOTMENT FUNDS

Allegation: The Commission for the Blind had exhausted its federal 110 funds before the end of the fiscal year.

LAC Finding: "We found no evidence that the Commission exhausted federal 110 funds before the end of the fiscal year."

SCCB Response: The SCCB has retired numerous fiscal mismanagement problems as evidenced in State Auditor's Reports, Federal reviews, and the SC Comptroller General's Office. We are proud of our record of administration and work diligently to destroy the myth that African-American Agency heads are inept, crooked, and/or fiscally irresponsible.

When compared to the 1988 audit, this "Use of Federal and Other Funds" report portrays to the public that the Commission for the Blind is operated by an African-American administrator who properly manages funds. The LAC audit and a prior "Special Review" of the Commission have drastically impacted the Agency's ability to serve blind people.

CONTRACT FOR RURAL ORIENTATION AND MOBILITY

In the area of client services, the Commission for the Blind has requested that a federal team review the particulars of the Rural Orientation and Mobility Program at the Rocky Bottom Camp of the Blind. Our rationale is that the science of orientation and mobility is highly specialized with instruction requiring sequential learning. It is our opinion that the program should be reviewed by individuals who are specialists in this area. Meanwhile, the Agency continues to explore alternative sites for rural orientation and mobility, as this is a vital program.

In South Carolina, there is no alternative to rural orientation and mobility training. The National Federal of the Blind of SC operates Rocky Bottom Camp of the Blind. This camp is unique because it is the only camping facility in the US designed by the blind and for the blind. Rocky Bottom Camp is an ideal site for training because of its safe, serene and unobtrusive surroundings.

Blind clients also insist on training in an environment where family members and friends will not be able to observe them. Skills taught in this setting are skills which can and will be transferred to any rural environment.

The rural orientation and mobility contract came under strict scrutiny by the State Auditor's Office in August of 1994. After an extensive review of the program, there was no recommendation to discontinue it based on either cost or performance. The State Auditor's only determination was that the contract was ambiguous. Consequently, SCCB employed a very reputable law firm, Sherrill and Rogers PC, to rewrite the contract. Kelly Golden, now chief attorney for the State Ethics Commission, was assigned to develop the contract.

Repeat attendance is necessary in order for certain clients to achieve success and results. A client's individual situation may warrant extended participation in the program. For some individuals, particularly in the Upstate, Rocky Bottom is the extent to which they prefer to receive training. The 1992 Amendments to the Rehabilitation Act stress client choice.

The level of rural orientation and mobility training required by a blind person depends on the cause of his/her blindness. There are three (3) categories of blindness. Congenital blindness accounts for those individuals who are blind from birth. Individuals in this category are accustomed to living in a non-sighted environment; therefore, the adjustment to blindness process is not quite as devastating.

Adventitiously blind, the second category, accounts for those individuals who are blinded from an eye pathology; they are the most difficult to train. Traumatic blindness, the third category, accounts for those individuals who are blinded from accidents such as gunshot wounds, automobile accidents and in some cases, industrial accidents. The latter two categories account for the largest percentage of blindness.

Therefore, individuals who are adventitiously and traumatically blinded require a considerable amount of time to adjust to their blindness due to the psychological aspects surrounding vision loss. **Those individuals require long term training-- much longer than individuals who are congenitally blind.**

Of the 173 individuals who attended Rocky Bottom's Rural Orientation & Mobility Program, one hundred and two (102) clients were adventitiously blinded, fifty one (51) were congenitally blind and twenty (20) were traumatically blinded. This directly supports and verifies that it takes a longer period to rehabilitate a person who is blinded later in life or from some type of trauma.

Client A, who attended the program fourteen (14) times, was faced with the following dilemma:

- a. Traumatically blinded from a gun shot wound.
- b. Experienced extreme prolonged depression as a result of the incident.
- c. Received regular individualized psychiatric counseling for depression.
- d. Went through a divorce during the training period.
- e. Commitment from employer to have him return to work once he received training.
- f. Fear for life and depression impeded his progress during training. The extended training for this client has paid off significantly. The client has been enrolled in our Technical Services Training Unit and has now completed the training. The clients employer is extremely impressed with the level of independence acquired through our training program and they are anxiously waiting his return to work. This clearly supports the need for extended and prolonged training for an individual who was traumatically blinded. Because of his and the majority of our clients attending Rocky Bottom, repeat sessions are paramount.

Client B, who attended eleven (11) sessions was faced with the following dilemma:

- a. Client never attended any type of formal blindness training other than Rocky Bottom's Rural Orientation & Mobility Program.
- b. Client's learning disability caused long term training to be a necessity. c. Client resides three (3) miles from Rocky Bottom and has repeatedly refused to come to Columbia for training. d. Client's desire to live at home and receive the training made it very convenient for him to participate in the rural orientation and mobility program, and this was his "choice" under the Rehabilitation Amendments of 1992.

BUSINESS ENTERPRISE PROGRAM PLACEMENTS

LAC Recommendation: The South Carolina Commission for the Blind should maintain minutes of BEP vendor selection committee meetings, including documentation of selection decisions.

SCCB Response: The Agency unequivocally agrees with this recommendation, and minutes will be maintained.

CLOSURES

LAC Recommendation: The South Carolina Commission for the Blind should establish criteria to determine the budget allocation for client services by district. Procedures should include time frames for dissemination of budget information to the district counselors.

SCCB Response: The Agency agrees that written budgets for counselors will occur at the district levels. The chart below shows the Agency's former history of noncompliance versus this administration's compliance with the Federal regulations and the 1988 LAC recommendations.

LAC 1988 Findings

1. The Commission should not count medical closures. The Commission closed 35 cases or 29.2% in which services consisted primarily of paying for medical procedures, and 5 cases or 4.2% were closed with no improvement in the clients' conditions.
2. The Commission should adopt guidelines defining a substantial service. SCCB through the payment of medical bills overstates its accomplishments.
3. Closure procedures should accurately reflect wages earned by clients - Figures overstated:
4. The Commission should implement a 90-day client-contact policy for VR counselors.
5. The Commission should use placement specialists.
6. The Commission should implement a weighing system to successfully rehabilitate hard to place clients.

LAC 1996 Findings

1. The LAC report concludes the Agency is complying with federal law "the discontinuation of this practice may impact the number of yearly closures, especially considering that these cases made up almost one third of our 1988 sample..."
2. SCCB officials and documents show substantial services as defined by the 1992 Rehab Act Amendments and Agency policy which verify compliance in this area.
3. SCCB quarterly and yearly reports (911 Federal Report) ranked in accuracy in the top 5 of USA.
4. The Agency implemented 90-day contact reports during FY 91-92 and has enforced this policy.
5. The Commission during 1990 established the Division of Employment Consultants (Placement Specialist) placement rate in this division was 13 in 95-96.
6. The Agency's policy on all clients weigh placement based on 1) when defined services are completed 2) the individual is engaged in employment for 60 days 3) placement is in a competitive work environment and job retention is evaluated 6 months thereafter.

The 1992 Amendments of the Rehabilitation Act of 1973 placed special emphasis on serving individuals with the most severe disabilities. Each state is given the authority to define criteria for identifying individuals with the most severe disabilities. In compliance with Federal law, the SCCB identifies individuals with the most severe disabilities.

As indicated in the 1988 Legislative Audit report, the SCCB was closing cases as successfully rehabilitated in which the services provided consisted primarily of paying for a medical procedure. As recommended by the 1988 LAC Report and in accordance with the 1992 Amendments, the present SCCB administration emphasizes reducing the number of physical restorations, i.e., single service/bill paying. The 1992 Rehabilitation Act Amendments moved SCCB away from being nothing more than an insurance company.

Statistics from October 1992-September 1993 do indicate a closure rate of 228 and a closure rate of 111 from October 1993-September 1994. However, beginning

in October 1993-September 1994, greater emphasis was placed on the provision of substantial services.

Using the Federal RSA 2 report as a guide to determine the provision of physical restoration services, one can see the trend established by the SCCB to fully comply with the LAC Audit of 1988 and the 1992 Amendments of the Rehabilitation Act. In 1991, 359 services were identified as physical restoration, 340 in 1992, 198 in 1993 and 109 in 1994. This decline represents a good faith effort on the part of SCCB to remove itself from the bill paying business. As compared to previous years as well, 1991-92, 51 individuals had vision restored, 32 in 1992-93, three in 1993-94 and zero in 1994-95. This decrease again represents that we are working diligently to achieve the true intent of the law. While closures for 93-94 were low, a 97% success rate was achieved in 94-95. **Of the 155 projected to be closed as successfully rehabilitated, 151 met that definition.**

As evidenced by the 1996 LAC report "Use of Federal 110 funds" the budget is managed in a fiscally sound manner. The distribution of the Basic Support (Federal 110) budget allocations to program staff is based on participatory management. At the district level, although the budget information was communicated to staff, the Agency will disseminate budget information in a written format. However, budget distribution and the expenditure of funds are not substitutes for inappropriate case management techniques and follow-up procedures.

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