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United States General Accounting Office

**GAO**

Fact Sheet for the Honorable Paul Trible,  
U.S. Senate

January 1986

# REHABILITATION SERVICES

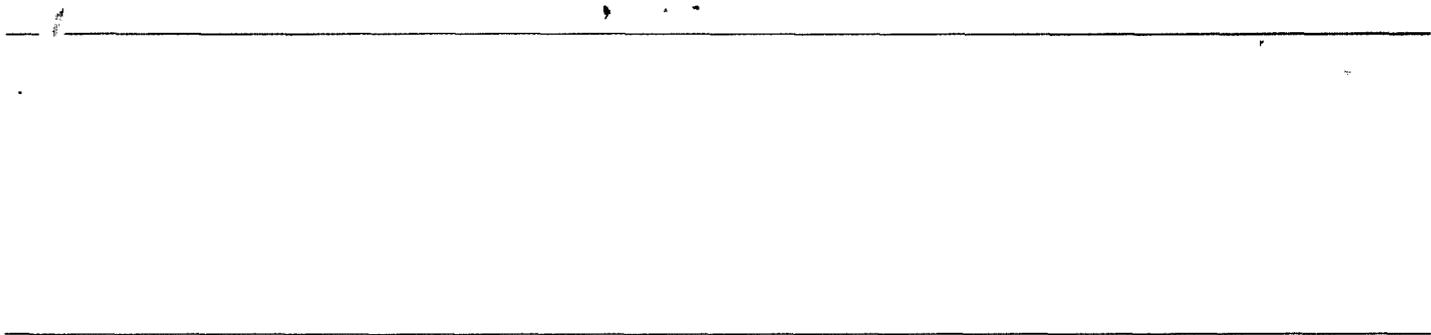
## Administration of Grants to Human Services Training and Research Council



129098

UNITED STATES GENERAL ACCOUNTING OFFICE  
440 RAYBURN COURT, N.W. WASHINGTON, D.C. 20548  
ATTENTION: OFFICE OF GENERAL INVESTIGATION

**RELEASED**





UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

HUMAN RESOURCES  
DIVISION

January 15, 1986

B-221524

The Honorable Paul Tribble  
United States Senate

Dear Senator Tribble:

This is in response to your February 27, 1985, letter regarding complaints of Dr. Hugh B. Martin, Jr., Executive Director of the Human Services Training and Research Council, Inc. (HSTRC), concerning the administration of grants made by the Department of Education's Rehabilitation Services Administration (RSA) to HSTRC for vocational rehabilitation services to persons with psychiatric disabilities. Grants to HSTRC are administered by RSA's Philadelphia regional office.

According to Dr. Martin, his problems with the regional office go back to 1975, when there was a change in regional commissioners. To ascertain Dr. Martin's specific complaints, we interviewed him and reviewed the material you provided to us.

Dr. Martin's major concerns were the following:

- The regional office suggested that HSTRC become affiliated with the University of Virginia.
- The regional office exceeded its authority in administering the grants.
- A 1983 regional office review of HSTRC grant activities exceeded RSA's access-to-records authority and resulted in questionable findings.
- The regional office improperly encouraged others to apply for grants and requested state rehabilitation agencies to support those applications.

Dr. Martin believed that other RSA grantees shared his concerns about RSA's grant administration.

Our examination of these concerns was performed at RSA headquarters in Washington, D.C., RSA's Philadelphia regional office, and the grantee's office in Charlottesville, Virginia.

During our examination, we discussed these concerns with Dr. Martin and RSA officials, and we examined correspondence, regulations, grant records, and other pertinent documentation.

In a February 5, 1985, memorandum, the Assistant Secretary for the Office of Special Education and Rehabilitation Services advised regional commissioners that complaints had been received concerning excessive reporting requirements, the lack of clear legal rationales and citations to support the findings and recommendations resulting from state reviews, and the alleged imposition of programmatic requirements, such as curriculum selection and training content. The Assistant Secretary emphasized that the administration and monitoring of grants must be based only on legally binding requirements and that all programmatic guidance falling outside of such requirements is merely advisory.

Dr. Martin told us that since the Assistant Secretary's memorandum and our inquiry into the regional office's administration of HSTRC's grant, HSTRC's relationship with the regional office has improved. In view of the improved relationship, we believe that no further investigation on our part is warranted at this time.

As arranged with your office, unless its contents are announced earlier, we plan no further distribution of this fact sheet until 30 days from its issue date. At that time, we will send copies to interested parties and make copies available to others on request.

Should you need additional information on the contents of this document, please call me on 275-5451.

Sincerely yours,



Franklin A. Curtis  
Associate Director

THE DEPARTMENT OF EDUCATION'S  
REHABILITATION SERVICES ADMINISTRATION  
GRANT TO THE HUMAN SERVICES  
TRAINING AND RESEARCH COUNCIL, INC.

In response to a February 27, 1985, request from Senator Paul Tribble, we reviewed actions taken in response to complaints by Dr. Hugh B. Martin, Jr., Executive Director of the Human Services Training and Research Council, Inc. (HSTRC), concerning administration of a grant by the Department of Education's Rehabilitation Services Administration (RSA) to HSTRC. Dr. Martin's major concerns were the following:

- The RSA Philadelphia regional office suggested that HSTRC become affiliated with the University of Virginia.
- The regional office exceeded its authority in administering the grants.
- A 1983 regional office review of HSTRC grant activities exceeded RSA's access-to-records authority and resulted in questionable findings.
- The regional office improperly encouraged others to apply for grants and requested state rehabilitation agencies to support those applications.

Since 1974 HSTRC has received RSA grants to support the training of rehabilitation personnel who plan and deliver vocational rehabilitation services to persons with psychiatric disabilities. Through fiscal year 1985, HSTRC has received training grant funds totaling about \$1.2 million. At the time of our review, RSA's most recent grant to HSTRC covered the 3-year period September 1, 1982, to August 31, 1985.

REGIONAL OFFICE SUGGESTION  
THAT HSTRC AFFILIATE

Dr. Martin disagreed with the regional office's suggestion that HSTRC, for grant purposes, become affiliated with the University of Virginia. He did not believe the affiliation would provide any additional benefits to the grant-supported activities. The Regional Commissioner told us that he believed the affiliation would be economically beneficial in that he had hoped the university would provide some financial support to the grant. He pointed out, however, that the regional office had not raised this issue with HSTRC since about 1979 or 1980. In our discussions, Dr. Martin said that this had not been a recent issue.

REGIONAL OFFICE ADMINISTRATION  
OF HSTRC GRANT

According to Dr. Martin, the regional office had exceeded its regulatory authority in administering HSTRC's grant. Specifically, he said that the regional office required HSTRC to submit grant reports more frequently than required by regulations and to obtain advance approval of speakers used in grant-sponsored training programs.

RSA's grant regulations require grantees to submit to RSA financial and performance reports annually. However, RSA may require reports to be submitted quarterly. Dr. Martin contends that the regional office had requested monthly performance reports.

RSA's Commissioner of Rehabilitation Services, in responding to HSTRC's complaint made through an attorney, advised the attorney in a June 10, 1980, letter that HSTRC financial reports were required only annually. The Commissioner pointed out, however, that

" . . . some misunderstanding developed in that RSA set forth as requirements and conditions a series of reports which in fact had, for the most part, been voluntarily provided by the grantee. It is understandable that this approach gave the appearance of moving from the usual grantee reliance in developing the project to more substantial involvement in the performance of the project. This was not our intent. However, the grant mechanism does not exclude normal Federal stewardship responsibilities such as site visits, review of grantee reports and materials developed during the grant, and any unanticipated involvement to correct deficiencies in programmatic or financial performance. . . the grantee in the application for the present grant [terminating in 1981] has indicated that accounting of staff activities would be provided to the Regional Office on a monthly basis."

While the Commissioner's June 10 letter indicates that monthly reports may have been provided under an earlier grant, RSA's most recent 3-year grant to HSTRC requires financial and performance reports to be submitted only annually.

Regarding the approval of training speakers, the regional office's file on its review of HSTRC's continuation grant application for the second year of the grant indicates that the office was interested in knowing whom HSTRC planned to use as training consultants. The files show that while the application listed consultant costs by projected training courses, the individuals used as consultants were not listed. According to the

regional office's regional representative for training, the office wanted consultants to be identified by discipline and not by name. She told us that similar information had been provided with the previous year's application to assess whether the disciplines are consistent with grant objectives.

REGIONAL OFFICE REVIEW OF  
HSTRC GRANT ACTIVITIES

In September 1983, a review of HSTRC grant activities covering fiscal and program matters was conducted jointly by RSA's regional office and the regional office of Inspector General. This was RSA's first fiscal review of HSTRC's grants since the initial grant award in 1974.

Dr. Martin contended that the regional office requested access to records to which it was not entitled and that certain review findings were not valid.

Regarding access to records, Department of Education regulations state that the Department shall have the right of access to any grantee books, documents, papers, or other records that are pertinent to the grant. HSTRC maintained one set of books and records for all of its activities, including the RSA grant.

Because financial accounting for the grant was integrated with HSTRC's corporate records, the regional office requested access to the corporate records to verify the propriety of charges made to the grant. The regional office was denied access to corporate records it believed were necessary for its review.

The denial of certain records, along with several other findings, was cited in the regional office's January 20, 1984, report on the results of its review. At the time of our inquiry, three issues had not been resolved. These were (1) denial of records, (2) lack of documented support for the grantee's claims of funds contributed to the grant, and (3) inadequate support for indirect costs charged to the grant.

In June 1985, the regional office made a follow-up review of the HSTRC grant. While a report on this review had not been issued as of December 1, 1985, a regional office official told us that matters concerning access to records and grantee contributions--items 1 and 2 above--had been resolved by providing the necessary records and revising reports for grantee contributions. However, the matter of indirect costs was under review by the Department's General Counsel and had not been resolved.

REGIONAL OFFICE ROLE INVOLVING  
APPLICATIONS FOR GRANTS

Dr. Martin said that the regional office has encouraged other groups to apply for RSA grants and has requested state rehabilitation agencies to support those applications. Believing that this practice has unfairly solicited competition, Dr. Martin brought this matter to the attention of the Director of RSA's Division of Resource Development.

The Regional Commissioner told us that his goal was to award as many grants as possible in his region. To achieve this goal, the regional office has offered technical support in preparing grant proposals to all prospective grant applicants.

We contacted the Director, Division of Resource Development, to inquire whether he was aware of instances where the regional office solicited support for grant applicants. The Director furnished us with numerous letters from several states supporting grant applications from both HSTRC and others. However, he did not provide any evidence that the regional office solicited such support. He told us that he discussed this matter with a regional office official and was advised that the regional office had not solicited state support for grant applications.

We also contacted state rehabilitation agencies in two states that Dr. Martin claimed would support his contention. Officials of these agencies told us that they did not receive any requests from the regional office to support any grant applicants.

OTHERS CONCERNED WITH RSA  
GRANT ADMINISTRATION

Dr. Martin advised you in a March 11, 1985, letter that the issues he raised were "not between two parties over a single issue." He stated that during testimony before the House Subcommittee on Select Education, many of these issues were introduced, and the Chairman submitted a number of questions to the Assistant Secretary for Special Education and Rehabilitative Services. Dr. Martin pointed out that following these hearings, a committee was formed by the Council of State Administrators under the National Rehabilitation Association to further investigate the awarding and management of RSA grants.

On August 1, 1984, the Subcommittee held oversight hearings on monitoring activities of the Office of Special Education and Rehabilitation Services. According to the record, the hearings, as they pertained to RSA, focused on the need for improvements in RSA's monitoring of grantee activities. In our review of the hearing record, we did not find that the specific issues

Dr. Martin raised--excessive RSA oversight of grantee activities, unauthorized access to records, and improper solicitation of support for grant applicants--were discussed.

Regarding the Council of State Administrators' investigation of RSA's award and management of grants, Dr. Martin advised us that as of the time of our review, the investigation had not been initiated.

RSA INSTRUCTIONS TO  
REGIONAL COMMISSIONERS

In a February 5, 1985, memorandum, the Assistant Secretary for the Office of Special Education and Rehabilitative Services advised regional commissioners of complaints received about grant administration. The Assistant Secretary said the concerns focused on the imposition of excessive reporting requirements, the lack of clear legal rationales and citations to support the findings and recommendations resulting from state reviews, and the alleged imposition of programmatic requirements, such as curriculum selection and training content. The Assistant Secretary emphasized that the administration and monitoring of grants must be based only on legally binding requirements and that all programmatic guidance falling outside of such requirements is merely advisory.

Dr. Martin told us that since the Assistant Secretary's memorandum and our inquiry into the regional office's administration of HSTRC's grant, HSTRC's relationship with the regional office has improved.

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In view of the improved relationship, we believe that no further investigation on our part is warranted at this time.

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