Virginia Department for the Blind and Vision Impaired

Virginia Enterprises for the Blind

Guidance Document

2024

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Department for the Blind and Vision Impaired

Facility Financial Audit
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 9.08.2021
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance pertains to conducting a facility financial audit within the Virginia Enterprises for the Blind.

Definitions:

A. Audit Report: A document (draft or final) that summarizes the findings and recommendations of an Auditor after examining a facility's financial records, bank documents, and reporting activities conducted by the SLA or Nominee.
B. Bank Documents: Bank statements, deposit slips, etc.
C. Corrective Action Plan (CAP): the course of action a Vendor intends to take after receiving a Final Audit Report outlining steps and timelines for its completion. The CAP will be delivered to the Auditor within 30 calendar days of receiving the Final Audit Report.
D. Facility: A business enterprise operated by a Vendor within the Virginia Enterprises for the Blind program.
E. Facility Financial Documents: Daily or monthly reports, if applicable, and/or any report designed to support the profit and loss statement reported for the month, profit and loss statement, bank reconciliations, etc.
F. Finding: a discrepancy or variance discovered by the Auditor that cannot be explained by the Vendor or provided documents and that must be corrected in order for the Vendor to pass the audit.
G. Nominee: the contracted nonprofit organization hired by the SLA to administer the Virginia Enterprises for the Blind program.
H. Purchases and Expenses: Check registers, purchases invoices, invoices for any expense occurred as listed on a profit and loss statement such as supplies, bank fees, merchant fees, telephone, office supplies, insurance, etc.
I. Payroll: Reports, time sheets, I-9s, etc.
J. Sales/Income Documents: Point of Sale (POS) reports, Z tapes, merchant statements, rebates, commission from vending services, etc.
K. State Licensing Agency (SLA): the certifying organization in Virginia designated by the Rehabilitation Services Administration (RSA) to be

accountable for training Vendors who are blind, assigning them to facilities, and managing the overall program.

Guidance:

A. Four facility audits will occur per fiscal year (October - September) at the SLA or Nominee's discretion. At a minimum, each Vendor will be audited every ten (10) years.

B. Vendors will be given a thirty (30) calendar day notice of what month(s) financial reports will be audited by the SLA or Nominee.

C. Facility Financial Documents, Purchases and Expenses, Payroll and other documents as requested will be forwarded to the designated Auditor for review prior to a facility visit.

D. A facility visit occurs between the Vendor and Auditor to answer questions from the document review in the previous step and to review financial practices, and a general overview of the business (opening and closing procedures, facility cash management and/or drawer funds, keys, alarm, safe, cash handling, security systems, facility access control, check signing, deposits, deposit slips, verification of deposits, catering or other income, payroll procedures, time sheets, and record keeping).

E. Once discovery and analysis are complete, the Draft Audit Report is shared with the Vendor, SLA, and the Nominee. The Auditor will leverage the Facility Audit Worksheet to compile the data. The Final Audit Report will contain findings, recommendations, and a written response from the Vendor.

F. If a Finding is noted, the Vendor will submit a Corrective Action Plan (CAP) within 30 calendar days outlining what they will change and by when. The Auditor will verify the CAP is completed on time and the Vendor will certify such in writing to the SLA with a copy to the Nominee. It is expected that the CAP be completed expeditiously and no later than three (3) months after the Final Audit Report is delivered to the Vendor.

G. An audit Finding will be noted in a Counseling Report as follows:

   a. First Occurrence — Written 1st Progressive Counseling

b. Second Occurrence Written 2nd Progressive Counseling
c. Third Occurrence Probation
d. Fourth Occurrence License Termination

H. The Counseling Report will include the following documentation:
   a. Vendor Name
   b. Date of Report
   c. Facility #
   d. Purpose of Conference
   e. Details of the incident resulting in the conference
   f. Type of Progressive Counseling
   g. Future Actions
   h. Signature of all Parties

I. Willful or fraudulent acts by the Vendor shall result in probation or license termination.

Department for the Blind and Vision Impaired

Fair Minimum Return
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 5.17.2021
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance defines proper procedures for fair minimum return to vendors and includes an agency memorandum from the Commissioner Hopkins that explains an additional payment for Temporary Business interruption or Closures.

<u>Definitions:</u>

a) Fair Minimum Return to Vendors: A fiscal year net business earnings for a vendor

<u>Guidance:</u>

a. The Fair Minimum is $12,000 for the VEB fiscal year.

b. The vendor's annual earnings will be compared against the Fair Minimum after the close of the fiscal year.

c. If a vendor's earnings fall below the Fair Minimum, the difference will be paid to the Vendor by the VEB within 30-60 days after the fiscal year close.

d. Any Vendor not achieving the Fair Minimum return shall create an action plan with specific goals, along with current year and annual dollar impact, for review and approval by the VEB.

COMMONWEALTH OF VIRGINIA

Department for the Blind and Vision Impaired

Established 1922

"Celebrating our past and empowering our future"

Raymond E. Hopkins
Commissioner

Matthew H. Koch
Deputy Commissioner
Chief Executive, VIB

To: VEB Licensed Vendors

From: Commissioner Raymond Hopkins *Raymond E. Hopkins*
Randolph-Sheppard Program State Licensing Agency

SUBJECT: DISCONTINUATION OF TEMPORARY BUSINESS INTERRUPTION OR CLOSURE SUPPLEMENT

Date: May 17, 2021

As of January 1, 2018, the Fair Minimum Policy (22VAC45-20-100) for Vendors within the Virginia Enterprise for the Blind (VEB) Program stated that:

1. The Fair Minimum is $12,000 for the VEB fiscal year.
2. The Vendor's annual earnings will be compared against the Fair Minimum at the close of the fiscal year.
3. If a Vendor's earnings fall below the Fair Minimum, the difference will be paid to the Vendor by the VEB within 60 days after the fiscal year close.
4. Any Vendor not achieving the Fair Minimum return shall create an action plan with specific goals, along with current year and annual dollar impact, for review and approval by the VEB.

As a result of the COVID-19 pandemic, the Fair Minimum Policy was amended on March 27, 2020, to include an additional payment for Temporary Business interruption or Closures (TBIC) as explained below. TBIC added up to $2,000 per month to the Fair Minimum Return if a Vendor's business was interrupted or closed through no fault of their own.

This current addendum to the Fair Minimum Return Policy, entitled the Discontinuation of the Temporary Business Interruption or Closure Supplement, takes effect upon signature by Commissioner Hopkins in his capacity as the head of the Randolph-Sheppard State Licensing Agency with the active participation of the elected Vending Facilities Vendors Council.

Due to VEB Program financial considerations and the improving public health environment, TBIC will end August 1, 2021, with the following draw down of distributed funds:

1. 06/01/2021 = Max Amount of individual TBIC $2,000 + FM $1,000 = $3,000
2. 07/01/2021 = Max Amount of individual TBIC $1,000 + FM $1,000 = $2,000
3. 08/01/2021 = Return to January 1, 2018, FM Policy = Max Amount = $1,000

If you have any questions about any of the above, please reach out to the VEB Program Manager at xavier.trimiew@dbvi.virginia.gov or 804-371-3103.

BACKGROUND

<u>Temporary Business Interruption or Closure Supplement</u>
March 27, 2020

TBIC is defined as an emergency outside the control of the Vendor or the VEB. When a TBIC occurs, the VEB may adjust the Policy to increase support to Vendors.

1. **Intent:** In the event of a qualifying emergency, it is the intent of the VEB to provide increased temporary support to Vendors above and beyond the annual Fair Minimum. VEB will have the discretion to adjust Fair Minimum support from an annual to a monthly basis.

2. **Minimum Earnings Calculation:** Minimum Earnings during a qualifying emergency will be determined on a month-to-month basis to establish a flat amount to be paid to the impacted Vendor for the month the emergency occurred. Minimum Earnings is defined as the established Fair Minimum monthly earnings less the reported business profit of a Vendor's facility(ies). The amount will be $3000.00 as of the date of March 2020 accounting calendar.

3. **Payer of Last Resort:** While the VEB may be able to respond more quickly during a TBIC to assist Vendors under this Policy than federal or state government, the VEB is a "Payer of Last Resort." This means all government assistance will take precedence and supplant, rather than

supplement, VEB TBIC Minimum Earning support. Vendors shall apply for available federal or state aid programs at their earliest opportunity and then repay the VEB for government aid received that covers the same emergency loses that the TBIC Minimum Earnings previously supported.

4. **Federal and State Aid:** Vendors shall provide the VEB, through its Nominee, copies of all applications filed for government assistance. Vendors shall notify the VEB, through its Nominee, when government assistance is received. Failure to notify the VEB of the receipt of government assistance or to repay the previous assistance from the VEB for the same losses. Repayment of the duplicate assistance shall be made within 30 days of receiving government payment. Hardship cases will be considered individually. Failure to apply for government assistance or repay duplicate assistance to the VEB can jeopardize the Vendor’s good standing in the VEB.

Department for the Blind and Vision Impaired

Non-Deductible Business Expenses
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 10.01.2020
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance pertains to non-deductible business expenses that are not allowed on the monthly profit and loss report for a facility.

Definitions:

a) Facility: A business operated by a vendor within the Virginia Enterprises for the Blind.
b) Monthly Report: A profit and loss report submitted for each facility defining sales and costs incurred.

Guidance:

A. The following are non-deductible business expenses.

i. Transportation to and from your place of business and home.

ii. Any purchase for personal use.

iii. Telephone and/or technology for anyone that is not involved in the daily happenings of your business.

iv. Internet for your home or anywhere other than your place of work.

v. Life/health/dental insurance for anyone other than employees.

vi. Personal taxes owed.

vii. Set aside paid from the previous month calculation

Department for the Blind and Vision Impaired

Satellite Facilities
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 11.01.2019
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance provides an objective and measurable policy to award the management of satellite facilities in the Business Enterprises Program

Definitions:

a. Satellite: Any facility that does not have a licensed blind vendor as its manager.

b. Temporary Satellite: Any facility that is not permanently assigned to a vendor.

c. Permanent Satellite: Any facility that is located in a building which will not sustain a licensed blind vendor as a sole enterprise.

Guidance:

a. Vacant facilities shall be operated as temporary satellites. The vendor who is awarded a temporary satellite shall manage it for no less than one full quarter along with his/her primary facility. The state and/or BOB shall notify said vendor at least 30 days prior to the official assignment of a new vendor to the facility. The vendor has the first right of refusal to transfer to convert the temporary satellite to a permanent facility.

b. To determine whether a facility should be opened as a permanent satellite, analysis using three-year-return criteria shall be evaluated, i.e., the vendor should be able to earn in three years an amount equal to the installation cost.

c. If more than one temporary satellite is being operated, the vendor who has operated the temporary satellite for the longest period of time shall be required to relinquish the facility first.

d. Vacancies with satellites shall be bid out as a package, which may include the option of accepting one or all facilities in the package. In the event that a facility with a satellite is put out for bid, it shall be the discretion of the state licensing agency and the nominee as to the determination of whether the satellite will be the option.

e. A satellite shall have its own facility number, inventory and paperwork shall be kept in accordance with rules that govern primary facilities.

f. Bid sheets shall state whether a facility is a primary facility, permanent satellite, or temporary satellite. Vendors who submit bids shall be required to state on their bid sheet whether they wish to operate the facility temporarily or permanently. In cases where more than one licensed vendor is bidding for a satellite, the state licensing agency (SLA) shall exercise discretion in making the award by evaluating factors that will benefit the program. Consideration will be given a vendor who is competing for a satellite facility if the addition of that facility raises the income level of his/her business from a borderline deficit to a more equitable return. This consideration is not intended to reward poor performers but to assist vendors who are doing well operationally, struggling with external factors such as low building population, limited service, or any other factor hurting the business but beyond their control.

g. Any vendor who has had a license for less than six months shall be ineligible to bid on a satellite facility. Any vendor earning more than 2 ½ times the state average, regardless of how many facilities he/she has when that level is reached, shall be ineligible to bid on a satellite.

h. A satellite shall be relinquished if the vendor is unable to keep it out of deficit.

i. If a vendor is awarded a satellite or satellites, the state Licensing Agency will not require him or her to give up a satellite location, if by losing such satellite location it would cause the income of the vendor to drop to less than 75% of the state of Virginia average income for Randolph Sheppard Vendors.

j. If a vendor has a satellite location, and the income from the satellite location is more than the income from the primary location, it shall be the vendor's choice which location he or she shall keep.

k. In implementing the satellite policy, the final determination of a satellite, i.e., whether to establish, continue, or terminate for cause, will reside with the state licensing agency.

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Set Aside Policy
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 10.21.2019
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance outlines the proper procedures for set aside monthly profit and loss statements, calculation, and payment.

Definitions:

a) Set Aside: Means funds which accrue to a state licensing agency from an assessment against the net proceeds of each vending facility or vending stand in the state's vending facility program and any income from vending machines on public and private buildings and other properties which accrue to the state licensing agency.

b) Profit and Loss Statement: A required monthly report that each vendor must submit for each facility that is assigned. The report must include all sales and costs for the month on a cash accounting basis.

c) Payment: A dollar amount due that represents the calculated set aside.

Guidance:

A. It is the responsibility of the vendor to submit to the Nominee no later than the 15th of each month a profit/loss statement and set aside payment for the previous month. If the 15th occurs on the weekend or holiday, it would be due the next business day.

B. The set aside percentage (4% of net facility profit) is based upon the financials of the VEB and is established on an annual basis prior to the beginning of the fiscal year (October-September).

C. Failure to submit reports and payment by the due date will result in the following steps:

   a. First Occurrence Written First Progressive Counseling
   b. Second Occurrence Written Second Progressive Counseling

c. Third Occurrence — Written Third Progressive Counseling
d. Fourth Occurrence — License Termination

D. The counseling report will include the following documentation:
   a. Vendor Name
   b. Date of Report
   c. Facility #
   d. Purpose of Conference
   e. Details of the incident resulting in the conference
   f. Type of Progressive Counseling
   g. Future Actions
   h. Signature of all Parties

Department for the Blind and Vision Impaired

Technology Reimbursement
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 10.01.2020
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance relates to providing financial support ($2000.00 per fiscal year) for a licensed vendor to purchase modern technology to support the business

Definitions:

a) Technology - Computers/Devices desktops, laptops, smartphones, tablets, or any other commercially available equipment.

b) Peripherals - Printers (braille or print), external hard drives, thumb drives, monitors, memory expansions, modems or internal facsimiles.

c) Adaptive equipment hardware and software - JAWS, ZOOMTEXT, Claro, Dolphin, CCTV, braille note-takers, braille displays or any other blindness related adaptation to a computer or standalone device.

d) Software - Word processing, spreadsheets, accounting or any other office/business commercially available software.

Guidance:

a. Receipts are to be sent to Business Opportunities for the Blind, Inc. for reimbursement.

b. 75% of the cost will be reimbursed.

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Transfer and Promotion of Vendors Policy
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 8.31.2020
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance provides an objective and measurable policy to ensure the most qualified vendor can operate a facility with the Virginia Enterprises for the Blind.

Definitions:

a. Award: An assignment of a facility to a Vendor to manage and operate

b. Vacancy Notice: A notice sent to all vendors defining the facility name, location, type of operation, hours, projected staff, forecasted annual revenues, profit due date along with any other information pertinent to the facility or the notice.

c. Transfer and Promotions of Vendors: As defined in 22VAC45-20-70. Transfer and Promotion of Vendors. The department shall use as a basis for vendor upward mobility or transfer, the following criteria: Sanitation inspections, business counselor evaluation for upward mobility, tenure in program, gross profit percentage, vendor attitude toward the program, appearance, attendance (daily), building host-employee relations and customer relations.

Guidance:

A. Facility vacancy notice is created and sent to all eligible vendors.

B. Any interested vendor is encouraged to visit the facility or contact the current operator or business counselor to better understand the business model.

C. The interested vendor's business counselor will review and score the following topics based upon their current managed facility and utilizing the VEB's standard scorecard: Sanitation inspections (health department), tenure, gross profit percentage, attitude, appearance, attendance, host relationship, and customer relations (as it relates to 22VAC45-20-70 transfer and promotion of vendors)

D. Interview Panel: An interview panel will be designated in writing consisting of the VEB Manager, BOB Manager, a VFVC member (representing the region it is located) or the VFVC Chair if a regional VFVC member is not available. At this time, the tabulated score for each vendor will be reviewed along with their most recent performance evaluation. Any applicant within 3 points of the top scorer will be interviewed for the opportunity. After completion of the interviews, each panel member will score each vendor based upon the number of vendors interviewed. (Example: 3 vendors interviewed, the best candidate would receive a 3, the next a 2, and the last a 1). Whomever has the highest score will be the successful candidate. If there is a tie, the panel will break it by a simple ranking of applicants.

E. If only one vendor is interested, the interview panel would discuss the next steps as it relates to the award process.

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Upward Mobility Reimbursement
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 10.1.2019
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance pertains to providing financial support ($800.00 per fiscal year) for a licensed vendor to obtain further education to support a facility business growth

Definitions:

a. Facility: A business operated by a vendor within the Virginia Enterprises for the Blind.

Guidance:

a. Reimbursable expenses: Registration, transportation, and lodging
b. Copies of receipts are sent to Business Opportunities for the Blind, Inc. for reimbursement
c. Examples of qualifying Events: Conferences, classroom or remote training, and other business-related topics

Department for the Blind and Vision Impaired

Vending Facility Vending Council Elections
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 5.6.2013
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance establishes a regular and systematic annual timeline for the election of licensed blind vendors to represent all licensed blind vendors from the candidate's district on the Vending Facility Vendors Council (VFVC).

Definitions:

a) Nomination: the process of proposing a licensed blind vendor for appointment or election to an office.

b) Election: the selection of a licensed blind vendor or vendors for office by vote.

c) Fourth Quarter VFVC Meeting: The fourth sequential quarterly meeting held by the VFVC within the fourth quarter. The quarters are based on the federal fiscal year; October-December (first), January-March (second), April-June (third), and July-September (fourth).

Guidance:

Nominations

a. On the third Monday in May, an announcement will be made to the business owners that the nomination period will begin on the first Monday in June.
b. The nomination period will open on the first Monday in June at 7:00 AM and will close on the second Friday after the first Monday in June, at 4:00 PM.
c. Candidates will be announced the following Monday, the third Monday in June, by 4:00 PM.

Elections

a. Election period will open on the first Monday in July at 7:00 AM and will close on the second Friday after the first Monday in July, at 4:00 PM.
b. Election results will be announced the following Monday, the third Monday in July, by 4:00 PM.

Fourth Quarter VFVC Meeting

a. Fourth Quarter VFVC Meeting
b. In the event a new candidate wins a seat over or otherwise succeeds an incumbent or a vacancy, the new councilperson will be invited to attend the 4th Quarter meeting.
c. Pursuant 22VAC45-20-90. Election, organization, and function of the vending facility vendors council § E, the new councilperson will attend the meeting in a non-voting capacity, as his term will not begin until October 1 of the year elected.

Department for the Blind and Vision Impaired

Vendor Performance Evaluations
Category: Virginia Enterprises for the Blind
Effective Date: 10.1.2021 Last Review Date: 7.1.2019
Purpose: Coverage of all Licensed Randolph-Sheppard Vendors

This guidance defines the proper procedures for an annual performance evaluation for vendors.

Definitions:

d) Fiscal Year: October-September (12 months)

Guidance (Business Counselor)

a. Review vendor's performance for the entire fiscal year, refrain from judgements on recent or isolated events. Concentrate on rating one factor at a time and disregard your general impression of the vendor.

b. Consider the vendor based on the standards expected based upon the time in the facility or like facilities. Ratings should be based on how well the requirements of the position are fulfilled.

c. Place a check mark in the box that best describes the vendor's performance the past year.

d. Keep in mind the relative importance of the factors.

e. Provide examples that support the rating.

f. Once all the factors are rated, check the box that best summarizes the vendor's performance.

g. Utilize this rating matrix for same store sales, product and labor cost %, and check average.

1. Exceeds Expectations	Improvement of 2-4%
2. Meets Expectations	Variance of 1%
3. Needs Improvement	Decline of 2-4%
4. Not Effective	Decline of 4.1% or more