

Western Virginia Workforce Development Board (WVWDB), LWIA III
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FINDING #1

Results:

At the time of the monitoring visit, WVWDB staff shared documentation, resulting from its internal audit, which uncovered the following discrepancies in its procurement process during the tenure of the previous WVWDB Executive Director. The WVWDB staff was totally aware that procurement issues would be a compliance finding in this report.

Section 184 of the Act requires the implementation of procurement standards for the purpose of ensuring fiscal accountability, and preventing waste, fraud and abuse in federal grant programs. Based on a review of the information provided by staff, it was noted that the documentation for the procurement of youth services indicated discrepancies in the WVWDB's procurement process. In addition, a review of the Total Action Against Poverty, Inc. (TAP) Special Truancy Contract has raised concerns as to whether or not necessity and reasonableness of costs were considered prior to awarding the grant to TAP.

The following issues have been raised:

- TAP was excluded from the RFP review due to the late submission of its RFP (RFP due date was by 4:00 pm, May 9, 2003). Subsequently, TAP appealed its exclusion from the review process and notified the WVWDB by its attorney on June 4, 2003.
- RFP contracts were awarded during the WVWDB's Board meeting on June 6, 2003 to Goodwill Industries to serve adults and youth and the Virginia Employment Commission to serve dislocated workers.
- After procuring Requests for Proposals (RFPs) for Adult, Youth and Dislocated Worker Services for PY 2003, WVWDB decided to procure another RFP after TAP officials' attempts to persuade the Board to establish a Special Population Contract for Youth Services, focusing on drop-out and truancy prevention, to be submitted by September 19, 2003. 4 prospective bidders submitted RFPs, namely: TAP (Discovery), TAP (Recovery), Goodwill, and Dabney S. Lancaster CC. These RFPs appeared to be a duplication of services already sought in June 2003.
- Based on RFP evaluation committee scores, Goodwill scored 83.2, TAP (Discovery) scored 80.4, DSLCC scored 79.8, and TAP (Recovery) scored 77.8.
- WVWDB Youth Council Advisory Committee discussed possible duplication of services on youth RFPs.
- Amidst concerns regarding duplication of services, the WVWDB RFP Committee voted to fund TAP (Discovery) in the amount of \$86,307 and Goodwill up to a funding level of \$23,000.

Criteria (Reference):

29 CFR 97.36 (b): Procurement Standards

- (4) Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.
- (8) Grantees and subgrantees will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- (9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price.

29 CFR 97.36 (d): Methods of Procurement to Be Followed

- (3) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. If this method is used, the following requirements apply:

- (iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and,

Virginia Public Procurement Act Title 2.2, Chapter 43, Article 1- General Provisions: Section 2.2-4301: Definitions – As used in this chapter:

Competitive negotiation – is a method of contractor selection that includes the following elements:

b. Procurement of other than professional services. Selection shall be made of two or more offerors deemed to be fully qualified and best suited among those submitting proposals, on the basis of the factors involved in the Request for Proposal, including price if so stated in the Request for Proposal. Negotiations shall then be conducted with each of the offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each offeror so selected, the public body shall select the offeror which, in its opinion, has made the best proposal, and shall award the contract to that offeror. When the terms and conditions of multiple awards are so provided in the Request for Proposal, awards may be made to more than one offeror. Should the public body determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that offeror.

One-Stop Comprehensive Financial Management Technical Assistance Guide July 2002, Chapter II-3, Cost Principles – Federal Cost Principles

The following general cost principles, as specified in the cost circulars and regulations previously noted, must be used in determining cost allowability for ETA grants. Total allowable costs are composed of allowable direct costs and the allocable portion of indirect costs, less applicable credits.

- **Costs must be necessary and reasonable.** Any cost charged to an ETA grant must be “**necessary and reasonable for the proper and efficient performance and administration**” (OMB Circular A-87, Attachment A) of the grant. A grantee is required to exercise sound business practices and to comply with its procedures for charging cost. A grantee is expected to exercise the same prudence with Federal funds as an individual would with his or her own funds, asking the following questions: Do the costs incurred for administering the ETA grant appear reasonable when compared with costs incurred by the grantee for administering other Federal grant programs or non-Federal programs? Did the grantee solicit price quotations in order to compare costs?

Recommendation:

The WVVDB must identify a plan of action that will ensure strict compliance with Federal, State and Virginia procurement laws when procuring goods and services.

Agency Response:

This procurement issue was discovered and brought to the attention of the VEC and its monitors by WDB staff and the board of directors' chairperson in early 2005, prior to annual on-site monitoring by the VEC. Subsequent research determined the mostly likely causes of this procurement error:

- Failure on the part of previous staff to understand the procurement process.
- Staff failure to relay vital information and advice from VEC consultant Debbie Hensley to the board prior to issuing a second Request for Proposal during Program Year 2003.
- Inappropriate reliance on contractors' interpretation of federal legislation and state policy concerning programming and funding. As late as July 26, 2005, the contractor involved referred to the "Special Population Contract." Special population designation was an element of past workforce programs and was never a part of the Workforce Investment Act of 1998. The board and contractor were advised of this on numerous occasions in 2003

When the situation was discovered in the spring of 2005, the board considered canceling the contract immediately to preclude any further risk of disallowed funding. Upon the advice of Ms. Hensley and senior management members of the VEC, the board elected to allow the contract to expire on June 30, 2005. From all indications the targeted audience was, in fact, receiving services and there were no indications at that time of deliberate fraud.

Corrective Action: Current senior staff has conducted extensive research on the proper procurement of all services and on the logistics of releasing RFPs. The board has approved the immediate initiation of RFP development for Program Year 2006. Staff and board members involved in procurement of future workforce investment services will review and strictly adhere to the procurement policy adopted by the Commonwealth of Virginia and the City of Roanoke, which serves as grant recipient for Area III and fiscal agent for the board.

FINDING #2

Results:

A review of the younger youth case files from TAP showed no documentation on actual mentoring services, but, the activity was added as a service in the VWNIS. The Case Manager indicated a misinterpretation of the definition of mentoring. Staff construed that it was providing counseling or case management.

Criteria (Reference):

TEGL 18-00, Program Guidance for Implementation of Effective Comprehensive Youth Services under the Workforce Investment Act, Section 5 – Developing Effective Youth Councils

(B) Leveraging Resources

To fill any gaps identified, the youth council can then develop its strategy to use competitive selections or community partnerships to address these unmet needs Additionally, some of the required program elements might be available at little or no cost to the WIA program, as in the case of an adult mentoring program using community volunteers.

(1) Develop a close mentoring relationship before and after placement – **structure staff assignments, schedules and activities** in a manner that will facilitate the establishment of a strong personal bond between the young person and the staff member providing follow-up services before the youth completes/leaves the program.

VWNIS User Guide Manual, November 2004 - Service Level: WIA Youth – Program Services

Youth - Adult Mentoring (Y01) - one-on-one training provided by a volunteer that would assist an individual to successfully complete training and/or maintain employment through counseling, tutoring and on the job interaction.

WIA Public Law Section 129. USE OF FUNDS FOR YOUTH ACTIVITIES.

(a) Purposes -The purposes of this section are--

- (1) to provide, to eligible youth seeking assistance in achieving academic and employment success, effective and comprehensive activities, which shall include a variety of options for improving educational and skill competencies and provide effective connections to employers;
- (2) to ensure on-going mentoring opportunities for eligible youth with adults committed to providing such opportunities;
- (3) to provide opportunities for training to eligible youth;
- (4) to provide continued supportive services for eligible youth;

WIA Public Law Section 101: Definitions

(5) Case management – The term “case management” means the provision of a client-centered approach in the delivery of services, designed--

- (A) to prepare and coordinate comprehensive employment plans, such as service strategies, for participants to ensure access to necessary workforce investment activities and supportive services, using, where feasible, computer-based technologies; and
- (B) to provide job and career counseling during program participation and after job placement.

Other References Outside of WIA (Mentoring Guide, State of Idaho):

Mentoring has been described many ways; among them, as a “sustained one-to-one relationship between a caring adult and a child who needs support to achieve academic, career, social, or personal goals” (McPartland & Nettles, 1991) and “a one-on-

one relationship between a caring adult and a youth who could benefit from the relationship” (Weinberger). Mentoring may be “planned” or “natural”; natural relationships are informal and develop independently between youth and their friends, teachers, employers, or relatives, whereas **planned relationships are more formal and involve a structured program between a young person, the "mentee", and a mentor, with specific objectives and goals.** (Floyd, 1993, Weinberger)

Mentoring programs can be divided into three general, and somewhat overlapping, categories:

- Educational mentoring – aimed at improving academic performance and behavior
- Career mentoring – focusing on helping youth develop skills needed in chosen occupational or career paths
- Personal development mentoring – geared toward helping youth during times of personal or social stress and providing guidance for decision-making (Floyd, 1993)

Mentoring activities supported with WIA funds may take on aspects of all three of these categories. WIA mentoring is not intended as a stand-alone activity, but rather should be considered in the context of the overall needs and goals of the participant. As one of a menu of ten WIA youth services being made available, the exact form it takes in individual cases will depend on the service strategy for that participant. In general, WIA mentors should be looked upon to serve as positive role models for mentees, to assist mentees with the development of social and life skills, and to assist mentees in accessing needed resources.

Adult Mentoring – definition (based on Los Angeles County, CA Youth Directive 4/15/02) – relationship over a prolonged period of time between two or more people where older, wiser and more experienced individuals assist youth through the human development process by providing constant as needed support, guidance and concrete help to a minor whose at risk environment increases their chance of exposure to teen pregnancy, academic failure, gangs and violence, use of alcohol and other at risk behaviors.

Recommendation:

The Youth Program Operator needs to cancel “mentoring services” from the VWNIS if the service was not actually provided. The WVVDB should establish a policy on mentoring and ensure that its program operators are given the proper training on mentoring services.

Agency Response:

The Board's local compliance monitor had previously reviewed the TAP program for adherence to federal, state and local policy. In a written report to the contractor in April 2005, the contractor was informed that its mentoring services, as outlined in participant file documents, did not meet the accepted definition of mentoring. The program operator's response disputed the monitor's conclusion and provided documentation as to why. The document, however, failed to adequately support the program operator's position. A second letter with detailed recommendations concerning monitoring was sent to the program operator, who then addressed board staff in person to argue its position.

Prior to resolution of the deficiency, the state monitor conducted annual on-site compliance monitoring for the WDB. The monitor confirmed the local monitor's interpretation of mentoring services and recommended corrective action for the program operator.

Corrective Action: The board staff will provide contractors with specific definitions of each of the 10 elements required in a Youth Services Program. Program operators will be advised that deviation from the proscribed definitions must be approved by the staff prior to implementation. Additionally, the definitions will be used in future contractual agreements with Youth Services Program Operators.

FINDING #3

Results:

The WVVDB did not have a youth incentive policy in place to ensure that program operators provide incentives in the most cost-effective and reasonable manner. TAP, youth program operator, paid incentives as much as \$250 per client for

achievement of goals in skill level upgrades or completion of work readiness classes. \$250 seemed to be rather high for a skill upgrade or completion of pre-employability/work maturity/job readiness classes. It would be more reasonable to give the \$250 incentive for a youth who achieves a high school diploma or GED or other milestone achievements.

Criteria (Reference):

WIA Public Law Section 129. USE OF FUNDS FOR YOUTH ACTIVITIES.

(a) Purposes.--The purposes of this section are--

- (1) to provide, to eligible youth seeking assistance in achieving academic and employment success, effective and comprehensive activities, which shall include a variety of options for improving educational and skill competencies and provide effective connections to employers;
- (2) to ensure on-going mentoring opportunities for eligible youth with adults committed to providing such opportunities;
- (3) to provide opportunities for training to eligible youth;
- (4) to provide continued supportive services for eligible youth;
- (5) **to provide incentives for recognition and achievement to eligible youth;** and
- (6) to provide opportunities for eligible youth in activities related to leadership, development, decision making, citizenship, and community service.

One-Stop Comprehensive Financial Management Technical Assistance Guide July 2002, Chapter II-3 Cost Principles – Federal Cost Principles

The following general cost principles, as specified in the cost circulars and regulations previously noted, must be used in determining cost allowability for ETA grants. Total allowable costs are composed of allowable direct costs and the allocable portion of indirect costs, less applicable credits.

- **Costs must be necessary and reasonable.** Any cost charged to an ETA grant must be “**necessary and reasonable for the proper and efficient performance and administration**” (OMB Circular A-87, Attachment A) of the grant. A grantee is required to exercise sound business practices and to comply with its procedures for charging costs. A grantee is expected to exercise the same prudence with Federal funds as an individual would with his or her own funds, asking the following questions: Do the costs incurred for administering the ETA grant appear reasonable when compared with costs incurred by the grantee for administering other Federal grant programs or non-Federal programs? Did the grantee solicit price quotations in order to compare costs?

Recommendation:

The VVWDB should establish an Incentive Policy concerning the awarding of cash incentives to WIA youth participants for recognition and achievement of WIA related activities, and to ensure that the incentives are cost-effective and reasonable.

Agency Response:

Staff research on behalf of a program operator case manager revealed the large discrepancy between financial incentives offered to youth services participants. Staff requested technical assistance from the state's consultant during her site visit as to the appropriateness of such disparities between operators serving the same population. The board was advised to produce a policy that will address appropriate use of incentives in the youth programs.

Corrective Action: The contract under which the inappropriate incentives were made has since expired. The implementation of a written policy and specific procedures for its implementation, along with closer contract management by board staff, will preclude both inappropriate use of incentives and disparities between operators.

FINDING # 4

Results:

A review of case records against the client data for the LWIA 3 Program Operators in the VWN (Virginia's Management Information System (MIS)-the WIA System of Record) showed inconsistencies in data entry in terms of client's activities,

service or outcome codes which could impact the LWIB's performance and affect MIS client characteristic reports. The following discrepancies have been noted:

- a. Erroneous and untimely data entry – delays in entering registration and exit dates, outcome information and service activities

	Name	Regn Date	Exit Date	Discrepancy in VWNIS
1	Kionna Moret – YY TAP	5/18/04	10/21/04	<ul style="list-style-type: none"> ▪ Registration date entered on 6/4/04 (1 month after actual services were provided). Exit date entered on 11/12/04 (more than 5 working days after services are provided). ▪ Need to add Basic Skills goal as attained – per case note, client received Student Bonus of \$250 for promotion to next grade level. ▪ Need to add an activity that would match assistance in grade level upgrade.
2	Danielle Duncan – YY TAP	3/26/04	3/8/05	<ul style="list-style-type: none"> ▪ Registration date entered on 4/30/04 (1 month after actual services were provided) ▪ Adult Mentoring was added as a service, but, case file did not have documentation on mentoring services ▪ Need to add work experience as a service – per case note, client did work experience activity at Primerica
3	Tiaira Brandon – YY TAP	11/5/04	11/23/04	<ul style="list-style-type: none"> ▪ Registration date entered on 11/23/04 (more than 5 working days after actual services were provided) ▪ Adult mentoring was added as a service, but, case file did not have documentation on mentoring services.
4	Justin Wright – YY TAP	6/4/04		<ul style="list-style-type: none"> ▪ Adult mentoring was added as a service, but, case file did not have documentation on mentoring services.
5	Darling Aloha – YY TAP	8/3/04		<ul style="list-style-type: none"> ▪ Adult mentoring was added as a service, but, case file did not have documentation on mentoring services.
6	Tobius Thompson – YY TAP	7/16/04		<ul style="list-style-type: none"> ▪ Adult mentoring was added as a service, but, case file did not have documentation on mentoring services. ▪ Case mgt and Leadership Devt opportunities showed “not completed” but no end dates -
7	Gerald Wright – YY TAP	6/4/04		<ul style="list-style-type: none"> ▪ Adult mentoring was added as a service, but, case file did not have documentation on mentoring services.
8	Candace Walker-YY TAP	2/26/04		<ul style="list-style-type: none"> ▪ SS # was entered in error (VWNIS showed 225-53-5715 – correct SS # based on copy of SS card is 226-53-5715) – this should be reported to Joe Holicky for correction. ▪ Adult mentoring was added as a service, but, case file did not have documentation on mentoring services. ▪ Registration date entered on 4/20/04 (2 months after actual services were provided).
9	William West-VEC	1/6/05		<ul style="list-style-type: none"> ▪ Registration date entered on 2/8/05 (1 month after actual service has been provided) ▪ Need to add “Job Search & Placement Assistance” as part of VWNIS service activity ▪ Need to add outcome on employment – per case note on 4/5/05, client was rehired by TAP as Relief Counselor
10	Timothy Smith-VEC	7/14/04	12/31/04	<ul style="list-style-type: none"> ▪ Registration date entered on 8/9/04 (1 month after actual services have been provided).
11	Laura Hodges-VEC	2/19/04		<ul style="list-style-type: none"> ▪ Registration date entered on 4/12/04 (2 months after actual services have been provided) ▪ Need to add outcome on employment – per case note on 5/5/05, client was working at Walmart
12	Rhoda Weatherall-VEC	10/31/03		<ul style="list-style-type: none"> ▪ Registration date entered on 11/21/03 (1 month after actual services were provided) ▪ Need to add outcome on credential per certification Career Studies Certificate on Education Assistant obtained on 5/14/04
13	Lillian Farrar-VEC	1/2/00	9/30/04	<ul style="list-style-type: none"> ▪ Registration date entered on 8/28/00 (7 months after actual

				services have been provided). Exit date entered on 12/14/04 (3 months after actual services have been provided).
14	Glenn Turner-VEC	5/3/01	9/30/04	<ul style="list-style-type: none"> Exit date entered on 12/21/04 (3 months after actual services were provided)
15	Daniel Hall-VEC	12/6/04		<ul style="list-style-type: none"> Need to add employment outcome per case note on 6/16/05, client employed with Swift
16	Arlaine Bryant-VEC	6/18/01		<ul style="list-style-type: none"> Need to add credential and employment outcomes – per certificate on Applied Science in Admin Support Technology obtained based on transcript and case note on 2/1/05 indicated employed part time in a Registrar’s office
17	Dennis Brown Sr-VEC	9/7/04		<ul style="list-style-type: none"> Registration date entered on 6/8/05 (9 months after actual services were provided) Need to add employment outcome based on case note on 5/5/05 – client doing part time work with Parks and Recreation
18	Timothy Callaway-Goodwill	4/30/04	6/30/05	<ul style="list-style-type: none"> Credential Outcome should be added – per case note, client graduated on 6/7/05 and obtained a HS diploma from Franklin County High School
19	Gamel Mack-Goodwill	6/22/01		<ul style="list-style-type: none"> Supportive service on child care should be added – per case note, child care services were provided on 7/30/01
20	Michael Jackson-Alleghany County	11/1/04		<ul style="list-style-type: none"> Registration date entered on 6/8/05 (7 months after actual services have been provided) Need to add “Work Experience” and Occupational Skills Training as part of the VWNIS service activity
21	Toni Jeffries- Alleghany County	2/14/05		<ul style="list-style-type: none"> Registration date entered on 6/3/05 (4 months after actual services have been provided)
22	Wesley Arrington-Alleghany County	7/1/04		<ul style="list-style-type: none"> Registration date entered on 6/8/05 (11 months after actual services have been provided) Need to add “Work Experience” as part of the VWNIS service activity
23	Scottie Fridley- Alleghany County	8/11/04		<ul style="list-style-type: none"> Registration date entered on 6/3/05 (10 months after actual services have been provided) Need to add “Work Experience” as part of the VWNIS service activity
24	Stephen Pultz- Alleghany County	3/28/05		<ul style="list-style-type: none"> Registration date entered on 6/8/05 (3 months after actual services have been provided) Need to add “Work Experience” as part of the VWNIS service activity
25	William West- Alleghany County	1/6/05		<ul style="list-style-type: none"> Registration date entered on 2/8/05 (1 month after actual service has been provided) Need to add “Job Search & Placement Assistance” as part of VWNIS service activity Need to add outcome on employment – per case note on 4/5/05, client was rehired by TAP as Relief Counselor

Criteria (Reference):

State Field Guidance Memorandum #05-04, April 4, 2005:

Delays in data entry adversely affect the quarterly performance of the state and the local workforce areas and result in inaccurate quarterly reports. The participant customer satisfaction survey is adversely impacted by late data entry of exiter information. If the quarterly sample is drawn and all exiters have not been entered, the total eligible for the sample is understated. Exiter information is extracted from VWN on a quarterly basis for the quarter just ended and forwarded to the Virginia Commonwealth University Survey Research and Evaluation Laboratory. The survey sampling is based on the exiters entered into VWN exiters not entered into VWN within the quarter of exit will not be included in the survey.

To address the impact of delayed data entry, the following requirements have been developed:

- **All transactions must be entered within five (5) working days from completion. For example, once the customer has been registered (eligibility determined) the data must be entered within five working days.**
- Information for the quarterly reports will be extracted from VWN, two (2) days before the quarterly submission date.
- All supplemental data must be submitted no later than five (5) days prior to the submission of the quarterly report.

OMB Circular A-130 (7) h. Systematic attention to the management of government records is an essential component of sound public resources management which ensures public accountability. Together with records preservation, it protects the government's historical record and guards the legal and financial rights of the government and the public.

State MOU: Specifies that "The Mid-Atlantic Career Consortium (MACC)-VWN3 is the computerized system of record keeping that will include a common data **Repository for Virginia Workforce Network activities**. All partners agree to enter all client profiles (job and training seekers), job openings and employer information it receives into the MACC to the extent partner modules and access become available.

U.S. Department of Labor, ETA WIA Quarterly Summary Report: State Field Guidance Memorandum #03-05: To address the impact of delayed data entry, the following guidelines **must be adhered to**: All transactions must be **entered within five (5) working days from completion**. For example, once the customer has been registered and eligibility has been determined, the data must be entered within five working days. Information for the quarterly reports will be extracted from VWN **five (5) days** before the quarterly submission date. All supplemental data must be submitted no later than **fifteen (15) days** prior to the submission of the quarterly report.

Recommendation:

The WVVDB program operators must ensure accurate and timely data entry of WIA participant information into the State's VWNIS, as untimely and incomplete data entry into the VWNIS will have a negative impact on mandatory WIA performance, affect MIS reporting components, and could lead to questioned costs with possible disallowance.

Agency Response:

Each program operator currently serving the participants listed in the table above has been notified of the issues involved:

- **Timely data entry (Items 1-3,8-14, 17-245)**
 - Contracts with Total Action Against Poverty and Alleghany County, which accounted for 10 of the 16 entries, have since expired. The program operator now offering services to these individuals strictly adheres to the timely data entry policy. We do not expect data entry to be an issue during Program Year 2005.
 - The VEC, which provides Dislocated Worker Services, has reviewed the policy for timely entry, reminded case managers of its importance relating to a number of issues, including performance, and instituted a regular review of files to ensure compliance. The program operator further notes,
 - "(I)n one instance (Lillian Farrar) the data entry was done by the previous program operator and was "inherited" by the current program operator. In two other instances, the late exit date was a system problem created when not all files closed properly allowing the exit to be timely. This was brought to the attention of the state WIA Unit at the time and permission was received from Joe Holicky to re-key the exits in December, three months after the actual exit date."*
 - Timely data entry for Alleghany County's Build a Better Future program was discussed on numerous occasions with the program operator. Because of this failure and a number of other difficulties offering all required program elements, the board allowed this contract to expire. Participants in this program are currently being served by Area III Adult Services Program Operator Goodwill Industries of the Valleys, which currently is correcting each of the deficiencies noted in the report.
- **Adult mentoring added as a service, but not properly documented (Items 3-8)**
 - During local quality assurance monitoring in April, the board's local monitor addressed this issue with the contractor, who disagreed with the board's definition of

mentoring and attempted to obtain outside verification for its process. The issue was not resolved until the state monitor confirmed the local monitor's position in June. The program operator subsequently canceled the service for the individuals listed. The program operator's contract expired June 30, 2005, which should preclude repeating the problem. The clients are now served by Youth Services Operator Goodwill Industries of the Valleys, which has demonstrated a thorough understanding of mentoring as defined under WIA.

▪ VWN Corrections

- (Items 1, 2, 6, 8, 17, 20-25): Contracts for the program operators for these participants (TAP and Alleghany County) expired June 30, at which time the local compliance monitor reviewed all documents in all files to determine the extent to which file documentation did not correspond to VWN entries. The local monitor compiled a list of file discrepancies, in addition to those identified by the state monitor. The files have since been provided to the current Youth and Adult Services Program Operator Goodwill Industries of the Valleys, which is endeavoring to correct the deficiencies. A number of the problems, however, are in the Application section of the files and will have to be forwarded to the WIA MIS department for correction. Goodwill has demonstrated in its programs a thorough understanding of the documentation, the VWN system, and how they are integrated. The board does not expect further deficiencies.
- (Items 9, 11,15): Dislocated Worker Services Program Operator, the local VEC, has made the corrections as indicated in the state's report. In addition, the operator has reviewed the requirements for documentation for all program participants.
- (Item 18) Discussion between the program operator and the state monitor resulted in the removal of this item from the report.
- (Item 19) After considerable research, the program operator, Goodwill Industries of the Valleys, was unable to determine if this service had been provided.

Corrective Action: When contracting with program operators, the board will stress that adherence to ALL state WIA policies is mandatory. The board also will consider possible financial repercussions for failure to adhere to any state policy.

FINDING # 5

Results:

Although the program design proposed by Alleghany County's Build a Better Future (BBF) Program could be an effective service strategy for clients who possess major employment barriers, it did not meet WIA compliance guidelines in terms of the following: eligibility criteria selection, lack of comprehensive assessments, and misconception of work experience activities.

a. Eligibility criteria selection:

Alleghany County BBF did not meet the WIA eligibility income criteria on serving low-income WIA adult and older youth clients. The following criterion was used to select individuals for the program:

"If married, income of applicant and spouse must meet the appropriate guideline (self and spouse, dependents, if applicable):"

1 person = \$25,400	5 persons = \$39,250
2 persons = \$29,050	6 persons = \$42,150
3 persons = \$32,700	7 persons = \$45,050
4 persons = \$36,300	8 persons = \$47,950

In addition, calculation and documentation of past 6 months' income were based on annual tax records or self-attestation. When eligibility is based on income, WIA indicates that in relation to family size, the family income does not exceed the higher of the poverty line, for an equivalent period; or 70% of the lower living standard income level, for an equivalent period.

Criteria (Reference):

- (25) Low-income individual.--The term "low-income individual" means an individual who--
- (A) receives, or is a member of a family that receives, cash payments under a Federal, State, or local income-based public assistance program;
 - (B) received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, payments described in subparagraph (A), and old-age and survivors insurance benefits received under section 202 of the Social Security Act (42 U.S.C. 402)) that, in relation to family size, does not exceed the higher of--**
 - (i) the poverty line, for an equivalent period; or**
 - (ii) 70 percent of the lower living standard income level, for an equivalent period;**
 - (C) is a member of a household that receives (or has been determined within the 6-month period prior to application for the program involved to be eligible to receive) food stamps pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);
 - (D) qualifies as a homeless individual, as defined in subsections (a) and (c) of section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302);
 - (E) is a foster child on behalf of whom State or local government payments are made; or
 - (F) in cases permitted by regulations promulgated by the Secretary of Labor, is an individual with a disability whose own income meets the requirements of a program described in subparagraph (A) or of subparagraph (B), but who is a member of a family whose income does not meet such requirements.

Recommendation:

The Alleghany County BBF program operator must adhere to the WIA eligibility criteria for low income individuals and obtain valid documentation of client's last 6 months of income. Inappropriate eligibility documentation may lead to questionable costs with possible disallowance.

b. Lack of comprehensive assessments:

Alleghany County BBF only conducted skill level assessments via the TABE tests to measure the client's math and reading skills. A career or vocational assessment was not provided to determine the client's appropriateness of the training activity. There were cases in which clients' interests were not in the carpentry or construction industry but were still immediately provided with training and work experience. As a result, after initial phase of training, these clients quit and exited the program.

Criteria (Reference):

WIA 20 CFR §663.240: Are there particular intensive services an individual must receive before receiving training services under WIA section 134(d)(4)(A)(i)?

(b) The case file must contain a determination of the need for training services under §663.310, as identified in the individual employment plan, comprehensive assessment, or through any other intensive service received.

State Policy # 00-12: Assessment Services for Adult, Dislocated Workers and Youth Programs

The purpose of assessment is to help individuals and program staffs make decisions about appropriate employment goals and to develop effective service strategies for reaching those goals. The US Department of Labor (USDOL) strongly believes that meaningful service planning cannot occur in the absence of effective assessment practices.

Recommendation:

WIA requires an assurance as to the need for intensive or training service and the ability of the customer to successfully participate when funds are used to support training. Additional comprehensive assessments, which may include in-depth structured interviews, additional evaluation and service coordination, should be conducted to determine the most appropriate training. The case file should include these assurances.

c. Misconception of On-the-Job Training vice Work Experience Activity:

Alleghany County sub-contracted with Manpower to process clients' subsidized wages and incentives they incur during classroom training and on-site work experience activities. Alleghany County defines this process as On-the-Job Training

activity (OJT) contrary to the WIA definition of OJT. Alleghany County has been providing a work experience/occupational skills/ adult literacy activities. Clients were paid for the hours incurred during classroom training and work experience at construction/housing project sites sponsored by Alleghany County for the Alleghany Highlands. In addition, clients were also provided with incentives in the form of stipends in the amount of \$1.00 per hour for a two-week period of meeting the incentive program guidelines. A Construction Supervisor has been hired to provide oversight to clients working at construction sites.

Criteria (Reference):

WIA 20 CFR Section 663.200: What are intensive services for adults and dislocated workers?

- (b) For the purposes of paragraph (a) of this section, work experience is a planned, structured learning experience that takes place in a workplace for a limited period of time. Work experience may be paid or unpaid, as appropriate. A work experience workplace maybe in the private for profit sector, the non-profit sector, or the public sector. Labor standards apply in any work experience where an employee/employer relationship, as defined by the Fair Labor Standards Act, exists.

WIA 20 CFR Section 663.700: What are the requirements for On-the-Job training (OJT)?

- (a) On-the-Job Training (OJT) is defined at WIA section 101(31). OJT is provided under a contract with an employer in the public, private non-profit, or private sector. Through the OJT contract, occupational training is provided for the WIA client in exchange for the reimbursement of up to 50% of the wage rate to compensate for the employer's extraordinary costs. (WIA section 101(31)(B)).

Recommendation:

Alleghany County's program design should be modified to show work experience activity versus OJT as the correct training activity being provided to BBF clients. In addition, work experience activities should be included in the VWNIS service screens to reflect appropriate training provided to BBF clients.

Agency Response:

Staff became aware of significant problems with the program as implemented by Alleghany County. Despite numerous site visits, one-on-one training and extensive explanation, the contractor did not alter the program in any significant manner to become compliant with the policies or intent of WIA. Because the operator focused on training individuals in building trades, staff recommended the operator discontinue its full adult and youth programs and apply for Training Provider Certification. Alleghany County's Build a Better Future program was subsequently approved to provide training for individuals enrolled in Area III Adult and Dislocated Worker program.

A failure on the operator's part to submit a request for payment during the program year has precluded any payment to the operator. Given that the operator failed to implement the WIA program in any meaningful way, and the individuals implementing the Build a Better Future program are no longer employed by Alleghany County, it is unlikely that documentation necessary for payment approval will be forthcoming. The County will be notified of the status of its funding.

Corrective Action: New administrative staff has implemented a specific contract management program for all contractors. The process includes monthly in-person meetings to review financial documents, participant figures, adherence to program elements and other issues. Such regular contact will ensure closer observation of specific operator program details and allow identification of problems or recurrence of previously addressed issues. Additionally, future RFPs will include more specific language concerning expectations for reporting, reviews and adjustments when warranted.

ADMINISTRATIVE CONCERN #1

Results:

Some client case files on dislocated workers showed a lack of documentation on Unemployment Insurance information as part of the WIA Dislocated Worker eligibility criteria. The Case Manager stated that dislocated workers involved in a mass lay off or plant closure automatically receives unemployment compensation, thus it was unnecessary to include UI documentation in the file.

Criteria (Reference):

WIA Subtitle A sec. 101(9)(A)

(i) has been terminated or laid off, or who has received a notice of termination of lay off from employment;

(ii)(I) is eligible for or has exhausted entitlement to unemployment compensation; or has been employed for a duration sufficient to demonstrate, to the appropriate entity at a One-Stop Center referred to in section 134(c), attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and

WIA 20 CFR §663.105 – When must adults and dislocated workers be registered?

Registration is the **process for collecting information to support a determination of eligibility**. This information may be collected through methods that include electronic data transfer, personal interview, or an individual's application.

- a. Adults and dislocated workers who receive services funded under title I other than self-service or informational activities **must be registered and determined eligible.**

US DOL Training and Employment Guidance Letter # 3-03: Data Validation Policy for Employment and Training Programs

Background: The accuracy and reliability of program reports submitted by states and grantees using Federal funds are fundamental elements of good public administration, and are necessary tools for maintaining and demonstrating system integrity.

States and grantees receiving funding under the WIA Title IB, Labor Exchange, Trade Adjustment Act (TAA), and Senior Community Service Employment Program are required to maintain and report accurate program and financial information. Further, all states and grantees receiving funding from the Employment and Training Administration (ETA) are **required to submit reports or participant records to the agency and attest to the accuracy of the data.**

#4. Employment and Training Administration Data Validation Policy.

- 2) **Data element validation assesses the accuracy of participant data records.** Data element validation is performed by **reviewing samples of participant records against source documentation to ensure compliance with Federal definitions.**

State Policy # 2001-01, 29 CFR Part 37: WIA Methods of Administration, Element #6 – Data and Information Collection and Maintenance

Requirements:

Recipients **must collect and maintain records** and be able to provide data and reports necessary to determine their compliance with nondiscrimination/equal opportunity provisions.

Recipients are required to collect demographic information about each registrant, applicant, eligible applicant, participant, employee and applicant for employment according to race/ethnicity, sex, age, and disability status to determine compliance, and to assess equality of opportunity at each decision point in the recipient's program.

All information collected will be stored in a manner that ensures confidentiality, and will be used for the purpose of record keeping and reporting, **determining eligibility, when appropriate for WIA Title I financially assisted programs or activities.**

Recommendation:

Given that individuals receive UI after a lay off or plant closure, receipt of UI is still a mandatory eligibility criterion for WIA dislocated workers. Eligibility documentation must be obtained and included in the client's file during initial intake/eligibility phase. The LWIA 3 Dislocated Worker program operators must provide proper eligibility documentation prior to the client's WIA program participation.

Agency Response:

Following further discussion among the monitor, staff and the program operator, this administrative concern was removed from the report.

ADMINISTRATIVE CONCERN #2

Results:

The WVVDB Dislocated Worker Program Operators did not provide substantive documentation on "unlikely to return" for individuals who were terminated for other related causes and not as a result of plant closure or massive lay off. The only documentation that was included in the file was a VEC Job Match. LMI outlooks were obtained only on jobs that clients were interested in pursuing and not on the client's previous occupation. The WIA Staff should include an "unlikely to return" analysis where, if in case clients had a previous high growth job (e.g., computer programmers, regional merchandising coordinators), a written justification for intensive or training services should be included in the case files. An example would be a 57- year-old computer programmer whose age and obsolescence in computer skills is justified for a skill upgrade/retraining in the same high growth field.

Criteria (Reference):

WIA Subtitle A sec. 101(9)(A)

(i) has been terminated or laid off, or who has received a notice of termination of lay off from employment;

(ii)(I) is **eligible for or has exhausted entitlement to unemployment compensation**; or has been employed for a duration sufficient to demonstrate, to the appropriate entity at a One-Stop Center referred to in section 134(c), attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; **and**

(iii) is **unlikely to return to a previous industry or occupation**;

State Policy 00-6 (c) is unlikely to return to a previous industry or occupation. Each LWIB will establish a local policy to determine "unlikely to return to a previous industry or occupation." A local policy may include allowances for declining industries or occupations, or it may take into consideration obsolete individual skills in a demand occupation or industry that could preclude an individual from being competitive or finding reemployment in the current occupation without the upgrading of skills. **The determination will be part of the individual's case management file.**

Recommendation:

The WVDB must review all file folders to ensure compliance with dislocated worker eligibility criteria in documenting the unlikely to return provision.

Agency Response:

The program operator now provides additional documentation of the "unlikely to return" provision in the form of printouts from various labor market information sources (when available) showing whether the participant's former occupation is "in decline" or "in demand."

In accordance with the recommendation on this finding, the program operator agrees to review the file folders on all participants active as of July 1, 2005 in order to provide additional documentation of the "unlikely to return" provision. This review will be completed by December 31, 2005.

ADMINISTRATIVE CONCERN #3

Results:

Dislocated worker client files that were transferred from a previous terminated contractor did not include copies of eligibility documentation and other important documentation to establish the client's WIA participation history. As a result, it was difficult to assess whether the client was accurately determined eligible for the WIA Dislocated Worker program.

Criteria (Reference):

State Policy # 2001-01, 29 CFR Part 37: WIA Methods of Administration, Element #6 – Data and Information Collection and Maintenance

Requirements:

Recipients **must collect and maintain records** and be able to provide data and reports necessary to determine their compliance with nondiscrimination/equal opportunity provisions.

Recipients are required to collect demographic information about each registrant, applicant, eligible applicant, participant, employee and applicant for employment according to race/ethnicity, sex, age, and disability status to determine compliance, and to assess equality of opportunity at each decision point in the recipient's program.

All information collected will be stored in a manner that ensures confidentiality, and will be used for the purpose of record keeping and reporting, **determining eligibility, when appropriate for WIA Title I financially assisted programs or activities.**

Recommendations:

The WVVWDB should include a policy on record retention and ensure that all client records of program operators who have terminated their contracts are maintained and kept for accessibility, recordkeeping and reporting.

Agency Response:

The WVVWDB fully concurs with the recommendation for this finding and agrees to provide a Board Policy on record retention that ensures records of program operators are maintained for accessibility, recordkeeping and reporting purposes.

The WVVWDB has requested that the DWP program operator provide a list of participants "inherited" from the previous program operator who are still active and in need of eligibility documentation. Once this list is available, an attempt will be made to locate the original client file to see if the missing documentation exists there. If so, a copy will be provided to the current program operator.