

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

152



FROM: County Auditor-Controller

SUBMITTAL DATE:
July 31, 2009

SUBJECT: Internal Audit Report 2008-027: Economic Development Agency, Workforce Development, Workforce Investment Fund Sub-Recipient Monitoring

RECOMMENDED MOTION: Receive and file Internal Auditor Report 2008-027: Economic Development Agency, Workforce Development, Workforce Investment Fund Sub-Recipient Monitoring.

BACKGROUND: The Auditor-Controller completed an audit of the Riverside County Economic Development Agency (EDA), Workforce Development, Workforce Investment Fund Sub-Recipient Monitoring. Our audit objective was to provide the Board of Supervisors and EDA management an independent assessment of EDA's compliance with the requirements of the Workforce Investment Act (WIA) and related regulations with regard to the monitoring of WIA fund sub-recipients.

Based upon the results of our audit, we determined the Economic Development Agency, Workforce Development complies with the Workforce Investment Act requirements for the monitoring of WIA fund sub-recipients except that procedures for reviewing the implementation of corrective actions agreed-upon with sub-recipients were not being completed.

Management concurred with the audit report findings and indicated that corrective actions had been taken. A follow-up audit will be performed within the following twelve months to confirm whether the reported conditions have been corrected.

Robert E. Byrd
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

RECEIVE AND FILE

BY:
Rob Rockwell

County Executive Office Signature

Dept't Recomm.: Policy
Per Exec. Ofc.: Consent



County of Riverside

INTERNAL AUDIT REPORT 2008-027

Economic Development Agency Workforce Development

Workforce Investment Fund Sub-Recipient Monitoring

July 30, 2009

Office of
Robert E. Byrd, CGFM
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



**RIVERSIDE COUNTY
OFFICE OF THE
AUDITOR-CONTROLLER**

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Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER

July 30, 2009

Robert Field
Assistant County Executive Officer
Economic Development Agency
3403 Tenth Street, 3rd Floor,
Riverside, CA 92502

Subject: Internal Audit Report 2008-027: Economic Development Agency, Workforce Development, Workforce Investment Fund Sub-Recipient Monitoring

Dear Mr. Field:

We have completed an audit of the Economic Development Agency (EDA), Workforce Development, Workforce Investment Fund Sub-Recipient Monitoring. Our audit objective is to provide the Board of Supervisors and EDA management an independent assessment of EDA's compliance with sub-recipient monitoring requirements of the Workforce Investment Act (WIA) and related regulations. Our audit covered the period July 1, 2006, through September 30, 2008.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective as described in the preceding paragraph is achieved. An audit includes examining, on a test basis, evidence about the adequacy and effectiveness of internal controls, compliance with applicable government codes and regulations, and performing such other procedures as we considered necessary in the circumstances. We believe the audit provides a reasonable basis for our conclusions.

Internal control is a process designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information. Management is responsible for establishing and maintaining adequate internal controls, our responsibility is to express an opinion on internal controls based on our audit.

On March 21, 2008, the county's external auditors issued a Single Audit report for the fiscal year ending June 30, 2007. It included a report on EDA's workforce investment program compliance with WIA requirements. Also, on January 7, 2008, the State of California Employment Development Department (EDD) issued a report on the results of its audit of EDA's WIA

activities for the fiscal year 2007/08. Both of these audits were performed in accordance with the audit guidelines prescribed by the Office of Management and Budget Circular A-133 Compliance Supplement. As we adhere to the same requirements, we relied on the work done by the external and the EDD auditors in performing certain aspects of our audit.

In our opinion, the Economic Development Agency, Workforce Development complies with the Workforce Investment Act requirements for the monitoring of WIA fund sub-recipients except that procedures for reviewing the implementation of corrective actions agreed-upon with sub-recipients were not being completed.

As requested, in accordance with the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. The responses are included in the appropriate sections of this report, and a full copy of the reply is shown under Appendix A. In accordance with established practice, a follow-up audit will be performed within the following twelve months to confirm whether the reported conditions have been corrected.

We thank the Economic Development Agency management and staff for their cooperation and assistance.

Robert E. Byrd, CGFM
County Auditor-Controller

A handwritten signature in black ink, appearing to read 'Michael G. Alexander', written over a horizontal line.

By: Michael G. Alexander, MBA, CIA
Deputy Auditor-Controller

cc: Board of Supervisor
County Counsel
Executive Office
Grand Jury

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Executive Summary

Audit Objective

Our audit objective is to provide the Board of Supervisors and Economic Development Agency (EDA) management an independent assessment of EDA's compliance with the requirements of the Workforce Investment Act (WIA) and related regulations with regard to the monitoring of WIA fund sub-recipients.

Overview

The WIA was enacted in 1998 with the purpose of providing workforce investment activities through state and local workforce agencies to improve the quality, productivity and competitiveness of the nation's workforce, and reduce welfare dependency. The EDA was awarded WIA funds to administer a comprehensive workforce investment system in the amounts of \$12,577,850 and \$12,229,693 for fiscal years 2006/07 and 2007/08, respectively.

A local workforce development board was formed by EDA to administer its workforce development services. These services are provided to businesses and residents primarily through EDA-operated workforce development centers and youth opportunity centers. The workforce development services are supported by federal WIA funds and other funding sources, including the Employment Development Department, California Community Colleges System and the Department of Vocational Rehabilitation.

The Code of Federal Regulations (CFR) Section 667.410(a), directs recipients and sub-recipients of WIA funds to conduct regular oversight and monitoring of WIA activities. Organizations that are sub-recipients under WIA Title I and which expend at least \$500,000 of federal funds (the level specified in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement) must have an audit of its activities completed by a certified public accountant. Furthermore, CFR Section 667.410(b) directs the state to perform on-site monitoring reviews to determine if sub-recipients and contractors have demonstrated substantial compliance with WIA requirements.

On March 21, 2008, an audit report on EDA's WIA activity for fiscal year 2006/07 was issued by the county's external auditors. The audit report noted three findings requiring corrective actions. The California Employment Development Department (EDD) issued a final report dated January 7, 2008 on its audit of EDA's WIA activity for the fiscal year 2007/08. The EDD report noted two findings requiring corrective actions. Our audit scope included a detailed review of EDA's 2007/08 sub-recipient monitoring activity and EDA's implementation of the five corrective actions recommended by the external and state auditors.

Overall Conclusion In our opinion, the Economic Development Agency, Workforce Development complies with the Workforce Investment Act requirements for the monitoring of WIA fund sub-recipients except that procedures for reviewing the implementation of corrective actions agreed-upon with sub-recipients were not being completed.

Details about our audit methodology, results, findings and recommendations are provided in the body of our report.

Detailed Audit Objectives and Methodology

Our overall audit objective is to assess EDA's compliance with the requirements of the Workforce Investment Act (WIA) and related regulations with regard to the monitoring of WIA fund sub-recipients. Specifically, we determined whether the:

- monitoring activities of sub-recipients were performed following the guidelines prescribed by OMB Circular A-133 Compliance Supplement and EDA policy;
- program activity reports were submitted on a monthly basis and program cost reports were submitted quarterly;
- Catalog of Federal Domestic Assistance numbers were assigned to each agreement using WIA funds; and
- training for eligible participants were funded with WIA funds and not paid by the participants' own funds.

To accomplish our objectives, we:

- obtained an understanding of the Workforce Investment Act, OMB Circular A-133 Compliance Supplement, relevant board ordinances, as well as county and EDA policies and procedures;
- reviewed the Single Audit and state auditors' monitoring reports to become familiar with the findings and corrective actions from these audits;
- conferred with the external auditors and reviewed their Single Audit workpapers;
- interviewed EDA personnel on current practices to determine consistency with established policies and procedures;
- reviewed the status of EDA's implementation of the corrective actions recommended by the external and state auditors; and
- reviewed program activity reports for timeliness.

Results

Program Monitoring

EDA established Policy 17-01 (Program Monitoring) to guide its staff in conducting effective program monitoring to ensure compliance with the requirements set forth by the Workforce Investment Act and applicable regulations.

Policy 17-01 requires EDA staff to monitor service providers once a year during the term of their service contract. The monitoring consists of various phases and timelines to ensure that appropriate and timely corrective actions are implemented when needed.

There were three findings from the fiscal year 2006/07 Single Audit and two findings from the fiscal year 2007/08 state audit. Since the state audit was conducted on September 10 – 14, 2007, which was very early in the fiscal year, we covered the full fiscal year 2007/08 in our audit. Our audit included a determination of the status of the required corrective actions as reported by the Single Audit and state audit.

Finding 1

The EDA staff performed seven WIA sub-recipient monitoring reviews during fiscal year 2007/08. Of the seven reviews, one was a desk review without a finding, four were on-site reviews without findings, and two were on-site reviews with findings requiring corrective actions.

The two reviews with findings requiring corrective actions are as follows:

Riverside YMCA

The EDA Monitoring Report dated March 18, 2008, listed six findings, each of which required a corrective action plan (CAP) from Riverside YMCA. The CAP was received from YMCA on May 23, 2008, 18 working days past deadline. EDA's review of the CAP indicated concerns on three of the planned corrective actions; however, EDA did not require YMCA to further delineate the corrective actions as required by EDA Policy 17-01. Additionally, EDA did not issue a letter notifying YMCA of sufficiency or insufficiency of the CAP and did not set a timeline for the implementation of the required corrective actions.

EDA did not renew the Riverside YMCA contract for the fiscal year 2008/09 since the City of Riverside recently opened a new youth opportunity center providing identical services.

Rubidoux YMCA

The EDA Monitoring Report dated March 18, 2008, listed three findings, all requiring a CAP from Rubidoux YMCA. The CAP was received from YMCA on May 23, 2008, 18 working days past deadline. EDA's review of the CAP indicated concerns on all three planned corrective actions; however, EDA did not require YMCA to further delineate the corrective actions as required by its policy. Additionally, EDA did not issue a letter notifying YMCA of sufficiency or insufficiency of the CAP and did not set a timeline for the implementation of the required corrective actions.

We noted that both the fiscal year 2006/07 Single Audit and the fiscal year 2007/08 state audit found similar deficiencies with regard to EDA's failure to issue the required sufficiency/insufficiency responses to the service providers and provide timelines for the completion of corrective actions. In both cases, EDA responded that it had reinforced with its staff the importance of following its policy to ensure that sufficient or insufficient response letters are sent out as required. As our audit noted, these deficiencies continue to occur.

Recommendation 1.1 Enforce Policy 17-01 and strengthen management oversight to ensure sub-recipient's corrective action plans are properly reviewed and monitored through full implementation.

Management Reply "Concur. EDA Workforce Division has developed a Program Compliance Review Action Checklist for staff to use in monitoring all Program Year 2008/2009 sub-recipient contracts. This tool requires staff to establish an electronic tickler file for each sub-recipient by using Outlook Calendar alerts for the various time-sensitive tasks involved in the monitoring process. The calendar alerts are assigned to all monitoring staff and the supervisor. In addition, this tool provides a detailed guideline to be used throughout the monitoring process to ensure all areas of compliance are reviewed. A copy of this tool has been attached for your review."

Recommendation 1.2 Review all outstanding corrective action plans from the Single Audit and state monitoring review and require appropriate corrective action from the service provider or EDA staff, whichever is appropriate, to resolve all open issues.

Management Reply "Concur. EDA Workforce Division has conducted a review of both the Single Audit and State Monitoring Reports. At this time, there is only one issue remaining which pertains to the oversight of the sub-recipient's corrective action plans. This finding will remain open until the State verifies a successful implementation of EDA's above-referenced plan at their scheduled on-site visit of June 8, 2009."

Auditor Comment: On July 29, 2009, we confirmed from management that the state auditors returned on June 8, 2009 to follow up on the issues that were open. The state auditors, according to management, stated that the findings would be considered closed. However, the state auditor's written report has not yet been received.

Status of Corrective Action Plans Addressing the Findings from the Fiscal Year 2006/07 Single Audit

The fiscal year 2006/07 Single Audit report dated March 21, 2008, included three findings requiring corrective actions. Presented below are excerpts from the Single Audit report and the current status of EDA's implementation of the required corrective actions:

Finding 2007-10

Criteria:

The Fiscal year 2007 grant agreement with the State of California requires the county submit monthly reports for program activity and costs within 20 days of reporting month end.

Condition:

It was noted that out of the 12 monthly reports submitted, 3 were not submitted within the required timelines during the fiscal year 2006-07.

Effect:

The untimely reporting of costs to Economic Development Department (EDD) results in noncompliance with the requirements set forth in the contractual agreement between the County of Riverside and EDD.

Cause:

The County did not follow their procedures for tracking their reporting requirements and due dates.

Recommendation:

We recommend that the County implement procedures to ensure all reports are submitted timely as required by the U. S. Department of Housing and Urban Development.

View of Responsible Official and Planned Corrective Actions:

In accordance with Information Bulletin WIAB03-48, procedures have been implemented for monthly reports to the State of California to be reported by the required deadline. In addition, an electronic tickler file will be used by EDA staff to ensure timeliness requirements are met for the monthly participant reports due on the 20th of each month."

Current Status: Fully Implemented. Our audit of fiscal year 2007/08 activity confirmed EDA issued required monthly and quarterly reporting by the 20th day of the reporting month-end. They have also established

the use of an electronic tickler file to ensure that reports are submitted on time.

Finding 2007-11

“Criteria:

The March 2007 Office of Management and Budget (OMB) OMB Circular A-133 Compliance Supplement states that a pass-through entity is responsible for “Award Identification – At the time of the award, identifying to the sub-recipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.”

Condition:

It was noted that the agreements between the County and the providers (sub-recipients) lists the source of funding that will be used for funding the agreement. However, THE CFDA title and number is not identified on the sub-recipient agreement as prescribed by OMB Circular A-133 Compliance Supplement.

Cause:

The Award Identification within the contract agreement between the County and the sub-recipient are not drafted as indicated by OMB Circular A-133 Compliance Supplement.

Effect:

The County increases the risk of non-compliance with sub-recipient monitoring requirements set forth in OMB A-133 Compliance Supplement. Additionally, sub-recipients might not be aware that they are receiving Federal funding, which might require the sub-recipient to have a Single Audit performed.

Recommendation:

We recommend that contracts with sub-recipients further describe the specific source of funding (e.g., the CFDA title and number) they are receiving in order to comply and for the sub-recipient to be aware of any Federal funds that they might be receiving from the County/State.

View of Responsible Official and Planned Corrective Actions:

In accordance with the March, 2007 OMB Circular A-133 Compliance Supplement, EDA will add an “Award Identification” section to the cover page of all sub-recipient agreements. This section will indicate the Federal Grantor, the Sub-agency, Pass-through agencies, the Catalog of Federal Domestic Assistance (CFDA) Number, and the Program Title. This information will ensure the sub-recipient is aware of any Federal funds received from the County or State in order to comply with the Single Audit Act.”

Current Status: Fully Implemented. Our audit confirmed EDA added an "Award Identification" section to the cover page of all sub-recipients' agreements. This section indicated the federal grantor, sub-agency, pass-through agencies, the CFDA number, and the program title.

Finding 2007-12

Criteria:

The March 2007 Office of Management and Budget (OMB) OMB Circular A-133 Compliance Supplement requires that the County monitor sub-recipient's use of Federal Awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. The County must follow-up to ensure that corrective action on deficiencies noted in during the award monitoring has been taken.

Condition:

Through the process of compliance testing in regards to sub-recipient monitoring, it was noted that out of the six sub-recipients requiring a site visit, only one required corrective action. The sub-recipient submitted its corrective action plan but the County did not issue a response letter to the sub-recipient.

Cause:

The County did not follow their procedures for monitoring sub-recipients and the adequacy of corrective action plans submitted by sub-recipients with deficiencies noted.

Effect:

The sub-recipient may submit a corrective action plan that does not sufficiently address the deficiencies noted and may cause the sub-recipient to be noncompliant with compliance requirements per the March 2007 Office of Management and Budget (OMB) OMB Circular A-133 Compliance Supplement.

Recommendation:

We recommend that the County follow their procedures related to sub-recipient monitoring and implement internal controls to ensure that sufficient response letters are sent out within 30 days of receipt of the corrective action plans from sub-recipients. This will help ensure that the sub-recipients are taking sufficient action to correct deficiencies noted for during-the-award monitoring.

Views of Responsible Officials and Planned Corrective Action:

The Program Monitoring Policy and Procedures has been reviewed with EDA staff. The review emphasized the importance of completing Sufficient or Insufficient Responses Letters to confirm if the Corrective

Action Plans submitted by the sub-recipient are deemed acceptable. In addition, an electronic tickler file will be used by EDA staff to ensure all timeliness requirements are met during the monitoring process."

Current Status: Not Implemented. Our audit indicated that the condition reported by the Single Audit persisted during fiscal year 2007/08, where two of seven sub-recipients were not issued a sufficient/insufficient response letter as required. This condition is further discussed in page 4 of this report, Program Monitoring, Finding 1.

Status of the Corrective Action Plans Addressing the Findings from the Fiscal Year 2007/08 State Audit

The state audit report dated January 7, 2008, included four findings, two of which were indicated on the report as "resolved." Presented below are excerpts from the state audit report regarding the two unresolved findings (Findings 1 and 4), including the current status of EDA's implementation of the required corrective actions:

Finding 1

"Requirement:

20 CFR Section 667.410(a) states, in part, that each recipient and sub-recipient must conduct regular oversight and monitoring of its WIA activities and those of its sub-recipients and contractors.

WIAD00-7 states, in part, that the monitoring of sub-recipients follow a standardized review methodology that will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of corrective actions. Additionally, the monitoring of sub-recipients require systematic follow-up to ensure that necessary corrective action has been taken.

The EDA's Policies and Procedures on Program Monitoring, 17-01, requires, in part, that within 30 days of receipt of the response to a monitoring report, a letter of sufficient or insufficient response be issued to the service provider.

Observation:

We observed two EDA monitoring reports where corrective action was indicated, but not recommended, and one monitoring report where corrective action was recommended, the sub-recipient responded timely, but EDA did not issue a final report of sufficient or insufficient response, as its policy requires.

Recommendation:

We recommended that EDA develop a Corrective Action Plan (CAP), including a timeline, explaining how it will ensure that monitoring report findings include CAPs, with timelines for completion of the necessary

corrective actions to resolve the findings, and that letters of sufficient or insufficient response be issued in accordance with EDA's monitoring policy.

EDA's Response:

The EDA stated that its Program Monitoring Policy has been reviewed with the Assistant Operations Manager, who oversees the monitoring process. Emphasis was placed on the importance of following the policy timelines and the issuance of letters of sufficient or insufficient response.

State Conclusion:

The EDA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, EDA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80017."

Current Status: Not Implemented. Our audit indicated that this condition continued during the fiscal year 2007/08 where two of seven sub-recipients were not issued a sufficient/insufficient response letter as required. This condition is further discussed in page two of this report, Program Monitoring, Finding 1.

Finding 4

"Requirement:

WIA 134(d)(1)(A)(iv) states, in part, that funds allocated to a local area for adults and dislocated workers shall be used to provide training services to adults and dislocated workers.

WIA 195(1) states, in part, that each program under this title shall provide employment and training opportunities to those who can benefit from, and who are most in need of such opportunities.

WIA 195(5) states, in part, that a participant cannot be charged a fee for the placement or referral of the individual in or to a workforce investment activity under this title.

20 CFR 663.320(a)(1-2) states, in part, that WIA funding for training is limited to participants who are unable to obtain grant assistance from other sources to pay the costs of their training; or who require assistance beyond that available under grant assistance from other sources to pay the costs of such training.

20 CFR 663.400 states, in part, that the Individual Training Account (ITA) is established to finance training services.

WIAD06-21 states, in part, that the local board shall develop local policy on the amount and duration of ITA's based on market rate for local training programs.

Observation:

We observed that 20 of 31 participant case files indicated that training services were provided. Of those 20, 14 were funded by Trade Readjustment Act (TAA), Pell Grants, the GI Bill, or Employment Training Panel (ETP) funds, one by an ITA, and five were financed by the participants. EDA staff stated that after September 2006, it did not have funds to establish ITAs. However, no documentation or policy statements were provided to substantiate this statement. While EDA is not providing WIA ITAs, it is providing follow-up intensive services. However, WIA participants must pay for their own training in order to receive WIA intensive services. As a result, individuals must pay for their training in order to receive other WIA services.

Recommendation:

We recommend that EDA begin providing WIA funded ITAs for participants who are unable to qualify for training through other funding sources and stop its practice of requiring individuals to pay for their own training.

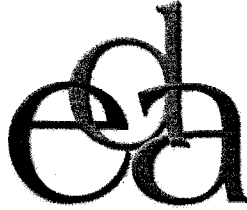
EDA's Response:

The EDA stated that it has set aside \$150,000 in WIA funds for PY 2007-08 to provide training opportunities for ITAs, on-the-job training, and customized training.

State Conclusion:

Although EDA identified approximately three-percent of its Dislocated Worker allocation to provide ITAs, it is a beginning step toward providing ITAs to participants in need of training assistance. However, we cannot close this issue until we verify, during a future onsite visit, EDA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80018."

Current Status: Fully Implemented. Our audit confirmed EDA has budgeted and provided the funding for eligible participants to complete training and obtain certifications from qualified trade schools or colleges.



RIVERSIDE COUNTY
Economic Development Agency

Date: 6/02/09
To: Auditor-Controller
Audits and Specialized Accounting Division
From: Robert Field, Assistant County Executive Officer
Economic Development Agency (EDA)
Subject: Response to Draft Internal Audit Report 2008-027

In response to the Internal Audit Report 2008-027, dated February 14, 2009, the EDA Workforce Division does concur with the reported condition and recommendations related to our program monitoring procedures. Please find our corrective action plans for each finding detailed below.

Recommendation Number 1.1:

Enforce Policy 17-01 and strengthen management oversight to ensure sub-recipient's corrective action plans are properly reviewed and followed through full implementation.

a. Management position concerning the recommendation:

Concur Disagree

b. Comments:

EDA Workforce Division has developed a "Program Compliance Review Action Checklist for staff to use in monitoring all Program Year 2008/2009 sub-recipient contracts. This tool requires staff to establish an electronic tickler file for each sub-recipient by using Outlook Calendar alerts for the various time-sensitive tasks involved in the monitoring process. The calendar alerts are assigned to all monitoring staff and the supervisor. In addition, this tool provides a detailed guideline to be used throughout the monitoring process to ensure all areas of compliance are reviewed. A copy of this tool has been attached for your review.

c. Actual/Estimated Date of Corrective Action: March, 2009

The Program Compliance Review Action Checklist was implemented in March, 2009, for all sub-recipient monitoring during April, May, and June of 2009.

d. Estimated Cost to Implement Recommendation (If material):

\$ N/A

Recommendation 1.2:

Review all outstanding corrective action plans from the Single Audit and state monitoring review and require appropriate corrective action from the service provider or EDA staff, whichever is appropriate, to resolve all open issues.

a. Management Position Concerning the Recommendation:

 X Concur

 Disagree

b. Comments:

EDA Workforce Division has conducted a review of both the Single Audit and State Monitoring Reports. At this time, there is only one issue remaining which pertains to the oversight of the sub-recipient's corrective action plans. This finding will remain open until the State verifies a successful implementation of EDA's above-referenced plan at their scheduled on-site visit of June 8, 2009.

On March 5, 2009, a memo, along with supporting documentation, was sent to Teresita Soriano regarding the A-133 Single Audit Follow-up. The Auditor-Controller's office was following up for VTD on the corrective action plans for the three findings identified in the Single Audit. EDA anticipates the findings will be resolved.

PROGRAM COMPLIANCE REVIEW ACTION CHECKLIST

This form is to be used *throughout* the monitoring process to ensure all areas of compliance are reviewed and that all actions are completed within the timeframe.

Service Provider:

Notification of Monitoring Review

Notate or Check Off

Date of Future On-Site Review:

Date of Telephone Call to Service Provider:

Outlook Calendar Alert set for the following tasks:

(Set Calendar Alerts for Supervisor also.)

- Confirmation Letter to be sent out 30 days prior to on-site visit
- Desk Review – must be completed prior to on-site visit
- Entrance Conference Date
- Exit Conference Date
- Finalize Report within 15 days of Exit Conference and provided to Management for review
- Mail Report within 30 days of the Exit
- Service Provider Response Due within 30 days of Program Compliance Report
- Sufficient/Insufficient Letter sent within 30 days of Service Provider Response

Date of Confirmation Letter:

(Letter must be sent approximately 30 days prior to the on-site visit)

Confirmation Letter must contain the following:

- Date and time of on-site visit
- Place of review
- Purpose of review (Program; Fiscal; or other)
- Areas and materials to be reviewed
- Documents to be completed by Service Provider
 - Compliance with Americans with Disabilities Act
 - Questionnaire (Form PCU 448-14)
 - Copy of Monitoring Guide

• **Desk Review (Form POU 448-35)**

Notate or Check Off

Date of Desk Review:

Desk Review consisted of the following?

- Scope of Work
- Participant Data (Pull JTA Report)
- Performance Summary (Pull JTA Report)
- Fiscal Invoices
- Previous Monitoring Reports – Identify for follow-up
- A-133 Corrective Action Follow-up
- Contact Information
- Correspondence

Desk Review Form filed in Monitoring File?

The Desk Review data should be analyzed to determine areas of strengths and weaknesses that will be reviewed during the on-site visit.

On-Site Visit (Form POU 448-40)

Date of Entrance Conference:

Entrance Conference Agenda? (File in Monitoring File)
(Agenda should cover purpose and focus of the visit
and the specific tasks to be completed.)

Review the Following:

Evaluation of Performance – Review and determine the
Degree of contractual compliance in meeting program
performance goals. Areas of non-compliance identified
on Program Compliance Guide?

Facility Observation – Tour of the site(s) conducted using
the Compliance with Americans with Disabilities Act
Questionnaire completed by Service Provider prior to visit.
Purpose is to assess the adequacy of the facility, as it relates
to accessibility for disabled, health and safety, comfort, and
adequacy of training equipment

Records Review – Desk Review information validated by reviewing administrative records, contract files, fiscal records, participant files, and other pertinent records?

Interviews – Information obtained from Service Provider Staff, participants, and employers regarding program administration, operations and quality of training?

Appropriate Interview Guides on file (Adult/DW Program- PCU 448-4; PCU 448-7; PCU 448-36; PCU 448-22.

Youth Program-PCU 448-24; PCU 448-31; PCU 448-44)

Program Compliance Guide (PCU 448-40) complete?

Date of Exit Conference:

Exit Conference Agenda? (File in Monitoring File)

Agenda should identify initial results of the visit:

Exit Interview included the following?

- Results of the review
- Commendation on best practices
- Identification of non-compliance areas
- Suggestion of corrective actions
- Offer of Technical Assistance
- Notification of timelines

Program Compliance Report (PCU 448-37B)

The report provides an analysis of the data gathered from the desk review and the on-site visit. This report must be submitted to the EDA Planning and Operations Manager for signature and mailed out to the Service Provider no later than 30 days from the Exit Conference.

Notate or Check off

Program Compliance Report deadline:

The body of the report must include the following:

Fiscal Management results:

Program Management results:

Program Performance results:

Previous Monitoring Follow-up results:

Current Year Findings:

Immediate Corrective Actions required:

Recommendations:
Disclaimer:

Program Compliance Report completed:

Cover Letter Complete: This is an introductory letter that must accompany the report and is sent to the contract signatory with copies to affected EDA and Service Provider staff. This letter must reference the visit and address whether areas of non-compliance were either non-existence or noted. It must contain the following:

- Date of visit
- Contract/Program reviewed
- EDA staff conducting the Review
- Purpose of the visit
- Results of the visit

Date Cover Letter and Program Compliance Report sent to Service Provider - Must be within 30 days from Exit date:

Does the report require the Service Provider to provide a Corrective Action Response?

 Yes No

If Corrective Action is not required, no further action is necessary. EDA staff will proceed to the final page and sign and date the checklist. Delete Outlook Calendar Reminders regarding Service Provider Response and Sufficient/Insufficient Letters from all In-boxes.

If Corrective Action is required, continue to the next section.

Service Provider Response

1st

2nd

Final date for Service Provider to respond to report. Must be within 30 days from the receipt of the report:

Date response received from Service Provider:

Is response sufficient or insufficient?

Sufficient/Insufficient Response Letter must be sent within 30 days of the response from the Service Provider.

Date of Sufficient Letter:
No further action is required. Proceed to final page and sign and date the checklist.

Date of Insufficient Letter:

If Insufficient Letter sent, the Response Process timeframe must be repeated.

Insufficient Letter is sent.

If a response was not received by the 30th day from receipt of the report, notate the date that the Failure to Respond Letter is sent:

Did the Failure to Respond Letter include the appropriate sanctions? See Policy and Procedure 17-01 for a list of sanctions:

Yes No

Staff Signature

Date of Completion