

# U.S. Department of Labor

Office of Inspector General—Office of Audit

## EMPLOYMENT AND TRAINING ADMINISTRATION



**IMPROVEMENTS ARE NEEDED BY THE  
NORTHWEST PENNSYLVANIA WORKFORCE  
INVESTMENT BOARD TO ENSURE SERVICES ARE  
DOCUMENTED AND PARTICIPANTS FIND JOBS  
RELATED TO THE TRAINING RECEIVED**

Date Issued: September 30, 2013  
Report Number: 03-13-002-03-390

## **BRIEFLY...**

Highlights of Report Number 03-13-002-03-390 issued to the Acting Assistant Secretary for Employment and Training.

### **WHY READ THE REPORT**

The Department of Labor (DOL), Office of Inspector General (OIG) initiated a performance audit of the Workforce Investment Act (WIA) Title IB programs operated by the Northwest Pennsylvania Workforce Investment Board (Board) and its fiscal agent, the Regional Center for Workforce Excellence. This audit was in response to a request from Pennsylvania Senator Patrick Toomey and Congressman Michael Kelly for a fiscal and programmatic review of the Board. The Pennsylvania Bureau of Audits (Bureau) had initiated a performance audit of fiscal issues at the Board based on a request the Bureau received from the Pennsylvania Department of Labor and Industry. The Bureau issued its report on July 30, 2013. Our audit focused on programmatic issues and how well the Board met its performance goals.

### **WHY OIG CONDUCTED THE AUDIT**

Our audit objective was to answer the following question:

Did the Northwest Pennsylvania Workforce Investment Board meet its performance goals to provide WIA-funded services to participants to meet the workforce development needs of the local area?

To answer our objective, we reviewed documentation in the Board's case files, and evaluated the WIA-funded services participants received to determine whether these services benefited the participants after their exit from the program. Our audit encompassed the Board's Program Year (PY) 2011 WIA performance results and analysis of services and outcomes for all 1,161 participants who exited between April 1, 2010, and March 31, 2011.

### **READ THE FULL REPORT**

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2013/03-13-002-03-390.pdf>.

**September 2013**

## **IMPROVEMENTS ARE NEEDED BY THE NORTHWEST PENNSYLVANIA WORKFORCE INVESTMENT BOARD TO ENSURE SERVICES ARE DOCUMENTED AND PARTICIPANTS FIND JOBS RELATED TO THE TRAINING RECEIVED**

### **WHAT OIG FOUND**

The OIG found the Board met its performance goals to provide WIA-funded services to participants to meet the workforce development needs of the local area. However, our review of case files for a random sample of 288 participants found that 14 (5 percent) had inaccurate exit dates. These exit date errors occurred because the Board did not have adequate policies and procedures in place to ensure case workers documented in participant case files the services they provided. While sample results showed these errors did not materially impact the Board's performance results for PY 2011, there is a risk in future program years that the effect could be significant.

Additionally, our analysis of all 316 participants who received training and exited the program between April 1, 2010, and March 31, 2011, found that 131 either did not obtain employment (40), or their employment was unrelated to the training they received (91).

### **WHAT OIG RECOMMENDED**

The OIG recommended that the Acting Assistant Secretary for Employment and Training require the Board to develop and implement policies and procedures requiring caseworkers to document in participant case files the services that were provided and improve its monitoring of contractors who provide WIA services to ensure their caseworkers comply with these requirements. Finally, we recommended that the Board conduct a study or perform an analysis to determine why participants did not obtain employment related to the training they received and use the results to develop strategies to increase the percentage of participants who receive training services to find related employment.

ETA did not agree with our finding and recommendation related to the percentage of participants who received training services and did not find employment, or employment related to the training they received after exiting the program.

L&I and the Board generally agreed with the findings and recommendations.

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**U.S. Department of Labor**

Office of Inspector General  
Washington, D.C. 20210



September 30, 2013

**Assistant Inspector General's Report**

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for Employment and Training  
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The Department of Labor (DOL), Office of Inspector General (OIG) initiated a performance audit of the Workforce Investment Act (WIA) Title IB programs operated by the Northwest Pennsylvania Workforce Investment Board (Board) and its fiscal agent, the Regional Center for Workforce Excellence (RCWE). This audit was in response to a request from Pennsylvania Senator Patrick Toomey and Congressman Michael Kelly for a fiscal and programmatic audit of the Board's and RCWE's compliance with WIA. At the time we received the request, the Pennsylvania Bureau of Audits (Bureau) had initiated a performance audit of fiscal issues at the Board based on a request the Bureau received from the Pennsylvania Department of Labor and Industry (L&I). We confirmed through discussions with the Bureau that its audit covered the fiscal issues contained in the Senator's and Congressman's request. The Bureau issued its audit report on July 30, 2013. Our audit focused on programmatic issues and how well the Board met its performance goals.

WIA is designed to provide employment and training services to assist eligible individuals in finding and qualifying for meaningful employment and to help employers find the skilled workers they need to compete and succeed in business. The primary employment and training programs authorized under Title IB of WIA include the Adult, Dislocated Worker, and Youth programs. WIA offers three levels of service for the Adult and Dislocated Worker programs, which must be provided in the following sequence: (1) Core; (2) Intensive; and (3) Training. Services for the Youth program — which do not have a required order of sequence — composed of an assessment of skills and service needs, development of service strategies, and preparation for postsecondary educational opportunities and unsubsidized employment, as appropriate. WIA requires that program services be delivered through a one-stop delivery system designed to coordinate services of other partner employment and training programs and provide participants with access to a seamless system of workforce investment services.

DOL's Employment and Training Administration (ETA) is responsible for administering WIA at the federal level. L&I is the state workforce agency (SWA) responsible for

administering WIA in Pennsylvania, with 23 local Workforce Investment Boards (LWIB) responsible for administering WIA Title IB programs at the local level.

The Board and RCWE, a not-for-profit public-private partnership, provide policy, planning, and oversight of local workforce development programs covering six counties in Pennsylvania's northwest region. The Board contracts with organizations to provide WIA services at its one-stop centers. For program year (PY) 2011 (July 1, 2011, through June 30, 2012), the Board reported \$4.9 million in WIA Title IB expenditures and 2,290 participants served.

L&I reports WIA program outcomes based on exiter data entered<sup>1</sup> into the L&I Commonwealth Workforce Development System (CWDS). The CWDS automatically exits participants from programs 90 days after the last date they receive services, which is their exit date. L&I uses Unemployment Insurance wage records to report employment status and wages for WIA program exiters. At the end of each program year, L&I sends to ETA the WIA annual report on WIA exiters data, which ETA uses to measure performance at both the SWA and LWIB levels.

## **Objective**

Our audit objective was to answer the following question:

Did the Northwest Pennsylvania Workforce Investment Board meet its performance goals to provide WIA-funded services to participants to meet the workforce development needs of the local area?

To answer our objective, we reviewed documentation in the Board's case files, and evaluated the WIA-funded services participants received to determine whether these services benefited the participants after their exit from the program. Our audit encompassed the Board's PY 2011 WIA performance results. We reviewed case files for a random sample of 288 participants to determine if the reported services and outcomes were supported. We also reviewed a random sample of 56 participants who received training services to determine if the training was in a demand occupation. We analyzed the services and outcomes for all 1,161 participants who exited between April 1, 2010, and March 31, 2011, to determine the level of services provided and the employment and wage outcomes compared to when they entered WIA.<sup>2</sup> Of these 1,161 participants, 316 received training services which we analyzed to determine the extent to which the participants found jobs related to the training received.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence

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<sup>1</sup> Participant data is entered into the CWDS by case workers and/or system generated for self-services.

<sup>2</sup> This was the most current data we could obtain at the time of our audit because data on outcomes are not available until 12-15 months after participants exit the program.

obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Our objective, scope, methodology, and criteria are detailed in Appendix B.

## RESULTS IN BRIEF

The Board met its performance goals to provide WIA-funded services to participants to meet the workforce development needs of the local area. Specifically, the Board exceeded the negotiated performance level for 8 of its 9 performance measures and met at least 80 percent of the negotiated level for the remaining performance measure. However, we found the Board did not always ensure that services entered in the CWDS were supported by documentation in participant case files and it did not have goals for the percentage of participants who received training and found employment related to the training they received, although this was not required. Our analysis of the services<sup>3</sup> the Board provided to the 1,161 participants who exited the WIA programs between April 1, 2010, and March 31, 2011, found they were comparable to national and SWA levels. Our comparison of participants' employment status when they entered the program to when they exited also showed positive results.

Documentation in participant case files did not support the last documented service that caseworkers entered in the CWDS. Specifically, our review of a random sample of 288 participants found that 14 (5 percent) had inaccurate exit dates. Accurately documenting this service is important because it is used as the basis for the participant's exit date, which starts the time period for measuring participant outcomes. The services entered in the CWDS were for dates that were later than case file documentation supported. These exit date errors occurred because the Board did not have policies and procedures in place requiring case workers to maintain documentation for the services they provided. Additionally, the Board's procedures for monitoring its contractors did not include reviewing case files for support of services entered in the CWDS. While our statistical results showed these errors did not materially impact the Board's performance results for PY 2011, there is a risk in future program years that caseworkers could delay the participant's exit from the program by adding an unsupported service in the CWDS when they become aware of a positive performance result (i.e., the participant obtained employment).

Of the 1,161 participants whose services we analyzed, 316 had received training. Our analysis of these 316 participants found that 131 (42 percent) either did not obtain employment, or their employment was unrelated to the training they received. Specifically, 40 did not obtain employment, and of the 276 who did, 91 were employed in jobs that were not related to the training they received. The overall percentage was higher than the 37 percent we reported in a nationwide audit of WIA Adult and

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<sup>3</sup> Adult and Dislocated Worker participants can receive one or more of the following services: (1) core; (2) intensive; and (3) training. Youth participants can receive one or more of the following services: (1) assessment of skills and service needs; (2) development of service strategies; and (3) preparation for postsecondary educational opportunities and unsubsidized employment, as appropriate.



Dislocated Worker participants who received training.<sup>4</sup> As we reported in the nationwide audit, WIA's performance accountability system did not include the results of training services provided to participants. Therefore, we recommended that ETA pursue changes in WIA to include implementing a performance measure for training services to assess training effectiveness and to improve accountability and transparency over WIA funds invested in training participants for demand occupations. However, at the time of this audit, WIA was in the reauthorization process. Without this reauthorization, WIA cannot require the Board to measure the effectiveness of the funds used for training services by determining the percentage of participants trained who obtained a job related to the training they received. Furthermore, WIA does not prohibit the Board from measuring the effectiveness of its use of WIA funds for this purpose.

We recommended the Acting Assistant Secretary for Employment and Training require the Board to develop and implement policies and procedures requiring caseworkers to document in participant case files the services that were provided and ensure WIA participants are exited from the program after 90 days without a service. We also recommended the Board improve its monitoring of contractors who provide WIA services to ensure its caseworkers comply with these requirements. Finally, we recommended that the Board conduct a study or perform an analysis to determine why participants did not obtain employment related to the training they received and use the results to develop strategies to increase the percentage of participants who receive training services to find related employment.

## **AGENCY RESPONSE**

ETA did not agree with our finding and recommendation related to the percentage of participants who received training services and did not find employment, or employment related to the training they received after exiting the program. ETA explained that WIA does not have goals for the percentage of trained participants who find employment related to the training and that it would not be appropriate to the NW PA WIB to conduct the recommended study or analysis.

ETA was also concerned that since the OIG audit report did not adopt the findings reported by the Bureau, it would not be able to take corrective action on serious irregularities the Bureau's audit disclosed.

L&I and the Board generally agreed with the findings and recommendations.

## **OIG CONCLUSION**

ETA's response did not result in any changes to the report. While the report recognizes that WIA does not require the Board to have goals for the percentage of participants who found employment that was related to the training they received, it does not prohibit

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<sup>4</sup> Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Worker Programs, Report No. 03-11-003-03-39, September 30, 2011

states or local areas from evaluating the effectiveness of the training services it provides, of which the extent to which participants find employment related to the training they received is a factor. Having the Board study or analyze its training service is a good business practice to assist Board officials with their decision making process regarding the continuous improvement of training service in order to optimize the return on investment of WIA funds used for training.

Regarding ETA's concerns that it is aware of serious financial irregularities at the Board, but unable to take corrective action because they were not endorsed or adopted in the OIG report, this should not prohibit ETA from monitoring L&I's efforts to address the PA Bureau of Audits' findings and recommendation. At our exit conference, L&I officials told us they were in the process of analyzing the PA Bureau of Audits' findings and recommendation in order to ensure all misused funds were quantified and recovered and appropriate action taken.

See Appendix D for the entire ETA response.

L&I and the Board agreed with the report findings and recommendations. See Appendix E for the entire L&I and Board's responses.

## RESULTS AND FINDINGS

### **Objective — Did the Northwest Pennsylvania Workforce Investment Board meet its performance goals to provide WIA-funded services to participants to meet the workforce development needs of the local area?**

*The NW PA WIB needs to ensure services are documented and participants find employment related to the training they receive.*

#### **Results**

Although the Board met its WIA performance measures for PY 2011, we found inadequate case file documentation for some WIA exiters and 42 percent of the participants who received training did not find employment related to the training. Specifically, the Board exceeded the negotiated performance level for 8 of its 9 performance measures and met at least 80 percent of the negotiated level for the remaining performance measure. The following table provides the Board's performance measures, negotiated levels, the results, and our projected results for PY 2011.

Measure	Program	Negotiated Level	Actual Level	Attained	Audited Level	Difference (Understated)	Attained
Entered Employment Rate	Adults	73.0%	74.1%	YES	74.1%	0.0%	YES
	Dislocated Workers	78.0%	82.1%	YES	81.6%	0.5%	YES

Employment Retention Rate	Adults	86.0%	93.4%	YES	92.4%	1.0%	YES
	Dislocated Workers	92.0%	91.4%	YES(1)	91.4%	0.0%	YES
Six Months Average Earnings	Adults	\$11,000	\$13,576	YES	\$13,576	\$0	YES
	Dislocated Workers	\$14,250	\$18,636	YES	\$18,889	(\$253)	YES
Placement in Employment or Education	Youth	67.0%	81.1%	YES	80.6%	0.5%	YES
Attainment of Degree or Certification	Youth	70.0%	81.3%	YES	81.3%	0.0%	YES
Literacy or Numeracy Gains	Youth	50.0%	62.2%	YES	62.2%	0.0%	YES

(1) Title 20 of the Code of Federal Regulations (CFR), Part 666.240(d), provides that performance that is at least 80 percent of the negotiated levels will be deemed achieving negotiated levels of performance.

Our analysis of the services the Board provided to the 1,161 participants who exited the WIA programs between April 1, 2010, and March 31, 2011, found they were comparable to national and Pennsylvania state-wide levels. Our comparison of participants' wages when they entered the program to when they exited also showed positive results. Of the 1,161 participants, 1,039 were Adult and Dislocated Workers and 122 were Youth. For the 1,039 Adult and Dislocated Worker participants, our analysis showed that 504 (49 percent) received self-services such as job search and labor market information. The percentage of self-service participants was lower than the national average of 68 percent and the Pennsylvania state-wide average of 62 percent. For the remaining 535 participants who received staff-assisted services, 250 (47 percent) received core, or core and intensive services, and 285 (53 percent) received core, intensive, and training services. Our analysis of the 122 Youth participants showed that all received staff-assisted services and 31 (25 percent) received training services. There was no comparable nation-wide or state-wide data available for these percentages.

Our comparison of participants' wages when they entered the program to their employment status when they exited also showed positive results. Of the 535 Adult and Dislocated Worker participants who received staff-assisted services from the Board, 387 (72 percent) were employed in at least the first three quarters after exit, and their wages increased 76 percent during this period compared to their wages in the three quarters before they entered the program. Of the 122 Youth participants, 89 (73 percent) were employed in at least the first 3 quarters after exit or were placed in post-secondary education.

**Finding 1 — The NW PA WIB did not always ensure services were supported.**

Our review of case files for a random sample of 288 participants found that 14 (5 percent) had inaccurate exit dates. These exit date errors occurred because the Board did not have adequate policies and procedures in place to ensure case workers documented in participant case files the services they provided. While sample results showed these errors did not materially impact the Board's performance results for PY 2011, there is a risk in future program years that the effect could be significant. For example, without adequate controls, caseworkers could delay a participant's exit from the program by adding an unsupported service in the CWDS until they become aware of a positive performance result (i.e., the participant obtained employment).

Training and Employment Guidance Letter (TEGL) 17-05, Section 6(B)(1), defines program exit as the point at which a participant has not received a service funded by the program or a partner program<sup>5</sup> for 90 consecutive calendar days, and is not scheduled for future services. The date of last service is used as the exit date. The TEGL goes on to provide examples of activities that do not extend the period of participation or delay program exit, such as required administrative case load management activities that involve regular contact with the participant or employer to obtain information regarding the participant's employment status, educational progress, or need for additional services. The exit date is important because it signals the start of the time to measure the participants' outcomes. According to Section 8(B) of the TEGL, all participants who receive a core, intensive, or training service who exit the program are to be included in performance measure calculations.<sup>6</sup> See Exhibits 1 and 2 for details on the performance measures for the WIA Adult, Dislocated Worker, and Youth programs and how they are calculated.

We reviewed case files for a random sample of 288 participants to determine if the services and outcomes the Board reported to ETA via the CWDS were supported. Specifically, we determined if case files documentation supported the last service provided since the date of this service was used as the basis for the participant's exit date and started the time period for measuring participant outcomes.

Documentation in 14 of the 288 sampled participant case files did not support the last service caseworkers entered in the CWDS. The services entered into the CWDS were for dates that were later than what case file documentation supported. The following are examples of the inaccurate exit dates:

- Youth Case Number 2230204 – The Board reported the participant's exit date as May 28, 2011. However, we found that the last documented service occurred on August 17, 2009. Specifically, the CWDS showed "Comprehensive and Guidance Counseling" service with a start date of September 30, 2010, and end date of May 28, 2011, which was used as the exit date to measure performance.

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<sup>5</sup> Examples of a partner program are Wagner-Peyser, Trade Adjustment Act, Vocational Rehabilitation, etc.

<sup>6</sup> Section 136 of WIA expressly excludes WIA adult and dislocated worker program participants who only receive self-service or informational activities from performance calculations.

According to a case note dated August 17, 2009, the caseworker put the participant in a hold status because the participant moved from area.<sup>7</sup> The next case note in the file was dated February 10, 2011, more than 90 days after August 17, 2010, indicating that the caseworker was unable to locate the participant. No partner program services were reported in the CWDS after August 17, 2009. We concluded the correct exit date was August 17, 2009, when the caseworker put the participant on a hold status.

- *Adult Case Number 442014* – The Board reported the participant's exit date as August 19, 2010. However, we found that the last documented service occurred on April 2, 2009. Specifically, the CWDS showed "Occupational Skills Training" service with a start date of September 27, 2007, and an end date of August 19, 2010, which was used as the exit date to measure performance. The case file contained a transcript dated April 2, 2009, from the training contractor that showed the participant graduated with an Associate's Degree in Specialized Technology on March 30, 2009. There were no partner program services after April 2, 2009. Therefore, we concluded the correct exit date was April 2, 2009, when the caseworker obtained the participant's transcript.
- *Dislocated Worker Case Number 293446* – The Board reported the participant's exit date as July 31, 2010. However, we found that the last documented service occurred on June 19, 2010. Specifically, the CWDS showed "Case Management for Participants Seeking Training Services" with a start date of February 3, 2010, and end date of July 31, 2010, which was used as the exit date to measure performance. Prior to July 31, 2010, the CWDS showed the participant received "Marketable Skill" services from March 18 to June 19, 2010, in a partner program. Therefore, we concluded the correct exit date was June 19, 2010, when the participant received the "Marketable Skill" service from the partner program.

These inaccurate exit dates did not always result in the participants being excluded from the performance measure time period they were reported in. For example, for the PY 2011 Entered Employment Rate (EER) measure, the participant had to exit the program between October 1, 2010, and September 30, 2011. If the last supported service date occurred within this time period, the participant still would have been counted in the measure. Of the 14 errors identified, 7 of the correct exit dates were within the time frame for the performance measure and 7 were outside of the time frame, and therefore were erroneously included in the measure. See Exhibit 3 for details on the 14 participants for whom we found incorrectly reported exit dates.

Overall, we concluded that our sample results did not adversely impact the Board's reported performance outcomes for PY 2011.

We identified two causes for why the exit dates were not always accurate. First, the Board did not have policies and procedures in place that required case workers to

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<sup>7</sup> A participant who has moved away from the area can be put in a hold status if the case worker expects them to return.

document in participant case files support for the services they provided. Second, the Board's policies and procedures for monitoring WIA service providers did not require a review of case files to ensure they contained documentation to support services entered in the CWDS. Otherwise, case workers could purposely delay exiting the participant from the program until they were aware of a positive performance result.

**Finding 2 — The NW PA WIB did not have internal goals for the percentage of participants who received training and found employment related to the training received.**

Although the Board provided training in demand occupations, our analysis of the 316 participants who received training services and exited the program between April 1, 2010, and March 31, 2011, found that 131 (42 percent) either did not obtain employment or their employment was unrelated to the training they received. Specifically, 40 did not obtain employment, and for those who did, 91 were in jobs that were not related to the training they received. The Board did not have any internal goals for the percentage of participants who found employment that was related to the training they received to gauge the effectiveness of the funds it spent on training services. Although WIA does not have any such requirement, it does not prohibit the Board from measuring the effectiveness of the funds it uses for training services.

WIA<sup>8</sup> requires SWAs and local workforce agencies (LWA) to provide in their WIA plans information describing — by occupation — the needs of the state and local areas in regard to current and projected employment opportunities. WIA, Section 134(d)(4)(G), requires that training services be directly linked to occupations that are in demand in the local area. Exceptions to this requirement are allowed for on-the-job and customized training.

For identifying demand occupations, the Board used the High Priority Occupation List (HPO) developed by L&I's Center for Workforce Information Analysis (CWIA). Each year CWIA develops an HPO list for each of the state's local workforce investment areas and provides a 60-day time period during which the Board may petition to add occupations.

To determine if the Board provided training in demand occupations, we reviewed a random sample of 56 participants who received training. We found the reported training data to be accurate. Of these 56 participants, 10 received on-the-job or customized training and 46 participants received training services through an individual training account. WIA requires that training provided through an individual training account must be in a demand occupation. We found all 46 received training in a demand occupation that appeared on the HPO list.

However, our analysis of participants who obtained jobs after exiting the program showed that a significant percentage of participants obtained jobs in a field other than

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<sup>8</sup> WIA, Section 112(b)(4) for SWAs and 118(b)(1)(B) for LWAs

those for which they were trained. We analyzed the reported training data for all 316 participants (285 adults and 31 youth) who received training services and exited the program between April 1, 2010, and March 31, 2011. We found that 131 (42 percent) either did not obtain employment or their employment was unrelated to the training they received. Specifically, 40 did not obtain employment, and of the 276 who did, 91 did not obtain jobs that were related to the training they received. The overall percentage was higher than the 37 percent we reported in a nationwide audit of WIA Adult and Dislocated Worker participants who received training.<sup>9</sup>

The Board did not have any internal goals for the percentage of participants who found employment related to the training they received, and they were not required to. As we reported in our nationwide audit of Adult and Dislocated Worker participants who received training services, WIA's performance accountability system did not include the results of training services provided to participants, and we recommended that ETA pursue changes in WIA to include a performance measure for training services. However, at the time of this audit, Congress was still in the process of reauthorizing WIA and several bills have been introduced which proposed changes in the areas of performance accountability. Therefore, WIA continues to have no requirement for the Board to measure the effectiveness of the funds used for training services by determining the percentage of participants trained who obtained a job related to the training they received. Conversely, WIA does not prohibit the Board from measuring the effectiveness of its use of WIA funds for this purpose. This is important because recent trends show the annual amount of funds allotted to SWAs for the WIA Adult and Dislocated Worker programs are decreasing while the number of participants is increasing. Setting goals such as this will assist the Board in determining how best to allocate shrinking WIA funds as well as to maximize program effectiveness in assisting individuals to pursue viable career paths leading to self-sufficiency and to improve accountability over WIA funds used to train participants for demand occupations.

## RECOMMENDATIONS

We recommend that the acting Assistant Secretary for Employment and Training direct L&I to require the Board to:

1. Develop and implement policies and procedures requiring caseworkers to document in participant case files the services they provide.
2. Develop and implement policies and procedures to ensure caseworkers comply with ETA requirements that WIA participants are exited from the program after 90 days without a service, using the last date of service as the exit date.
3. Develop and implement policies and procedures for monitoring contractors who provide WIA services to ensure they comply with the requirements for documenting

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<sup>9</sup> *Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Worker Programs*, Report No. 03-11-003-03-39, September 30, 2011

services in the case files and exiting WIA participants from the program after 90 days without a service, using the last date of service as the exit date.

4. Conduct a study or analysis to determine why participants did not obtain employment related to the training received and use results to develop strategies to increase the percentage of participants who receive training services find related employment.

We appreciate the cooperation and courtesies that ETA personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix G.



Elliot P. Lewis  
Assistant Inspector General  
for Audit



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## Exhibits

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**Exhibit 1**

**Performance Measure Calculations for the Adult and Dislocated Worker Programs**

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The following tables provide a description of the numerator and denominator used to calculate the performance measures.

**Entered Employment**

Of those who are not employed at the date of participation:

Number of adult participants who are employed in the first quarter after the exit quarter.

Divided by

Number of adult participants who exited during the quarter after their exit date.

**Employment Retention**

Of those who are employed in the first quarter after the exit quarter:

Number of adult participants who are employed in both the second and third quarters after the exit quarter

Divided by

Number of adult participants who were employed in the quarter after their exit date.

**Average Earnings**

Of those adult participants who are employed in the first, second, and third quarters after the exit quarter:

Total earnings in the second plus the total earnings in the third quarters after the exit quarter

Divided by

Number of adult participants who were employed in the first, second, and third quarters after the exit date.

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**Exhibit 2**

**Performance Measure Calculation for the Youth Program**

The following tables provide a description of the numerator and denominator used to calculate the performance measures.

**Placement in Employment or Education**

Of those who are not in post-secondary education or employment (including the military) at the date of participation:

The number of youth participants who are in employment (including the military) or enrolled in post-secondary education and/or advanced training/occupational skills training in the first quarter after the exit quarter

Divided by

Number of youth participants who exit during the quarter.

**Attainment of a Degree or Certificate**

Of those enrolled in education (at the date of participation or at any point during the program):

The number of youth participants who attain a diploma, GED, or certificate by the end of the third quarter after the exit quarter

Divided by

Number of youth participants who exit during the quarter.

**Literacy and Numeracy Gains**

Of those out-of-school youth who are basic skills deficient:

The number of youth participants who increase one or more educational functioning levels

Divided by

Number of participants who have completed a year in the youth program (i.e., one year from the date of first youth program service) plus the number of participants who exit before completing a year in the youth program.

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**Exhibit 3****Sampled Participants With Inaccurate Exit Dates**

	<b>Program/ Performance Measure</b>	<b>Participant Identification Number</b>	<b>Reported Exit Date</b>	<b>Audit Exit Date</b>	<b>Number of Days Difference</b>	<b>Effect Performance Outcome Yes/No</b>
1	Youth- Placement	2230204	05/28/2011	08/17/2009	-649	Yes
2	Adult/ERR	871505	10/29/2010	03/10/2009	-598	Yes
3	Adult/ERR	442014	08/19/2010	3/29/2009	-508	Yes
4	Dislocated Worker/EER	1605652	05/10/2011	02/11/2010	-453	Yes
5	Adult/ERR	1299543	06/30/2010	07/01/2009	-364	Yes
6	Adult/ERR	1725821	06/10/2010	11/21/2009	-201	Yes
7	Dislocated Worker – Six-Months Average Earnings	2213580	07/03/2010	01/20/2010	-164	Yes
8	Dislocated Worker/EER	441905	04/07/2011	01/07/2011	-90	No
9	Dislocated Worker/ERR	2387698	08/15/2010	05/22/2010	-84	No
10	Dislocated Worker/ERR	2570969	08/01/2010	05/22/2010	-71	No
11	Dislocated Worker/ERR	293446	07/31/2010	06/19/2010	-42	No
12	Dislocated Worker/EER	41440	01/02/2011	12/07/2010	-26	No
13	Adult/ERR	*753438	12/16/2010	01/27/2011	42	No
14	Adult – Six Months Average Earnings	*753438	12/16/2010	01/27/2011	42	No

\*This participant was selected within three performance measures.



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## Appendices

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## Appendix A

### Background

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DOL OIG initiated a performance audit of WIA Title IB programs operated by the Board and its fiscal agent, RCWE. This audit was in response to a request from Pennsylvania Senator Patrick Toomey and Congressman Michael Kelly for a fiscal and programmatic audit of the Board's and RCWE's compliance with WIA. The request cited the following fiscal concerns.

- Unauthorized use of Industry Partnership funds for expenses relating to RCWE's holding Company.
- Withholding of Industry Partnership (IP) funds from IP employees.
- Withholding 25 percent of WIA funds for their operations, while Federal guidelines only permit 10 percent.
- Conflict of interest between RCWE's Chief Elected Officer/Chief Financial Officer/Holding Company President, the Executive Committee of the NWPA Workforce Investment Board, and the RCWE Holding Company Board members.
- Disregard for maintaining a firewall between fiscal operations and programmatic one-stop operations.
- Excessive and wasteful spending, including unallowable costs.
- Alleged illegal use of federal and state public dollars.
- Funds mismanaged by alleged withholding of training funds from shareholders.
- Perceived disregard for legal and fiscal compliance of policies, procedures, and laws.

The request did not include any specific concerns regarding the Board's programmatic operations. At the time of the request, we learned the Bureau had initiated a performance audit of fiscal issues at the request of L&I, which had various fiscal concerns of the Board. Bureau officials informed us that their audit would cover the fiscal concerns in the Senator's and Congressman's request. Therefore, our audit focused on the Board's program performance and its compliance with WIA.

The Bureau issued its audit report on July 30, 2013, copies of which were provided to Senator Toomey and Congressman Kelly.

WIA is designed to provide employment and training services to assist eligible individuals in finding and qualifying for meaningful employment and to help employers

find the skilled workers they need to compete and succeed in business. The primary employment and training programs authorized under Title IB of WIA include the Adult, Dislocated Worker, and Youth programs. WIA provides three levels of service for the Adult and Dislocated Worker programs, which must be provided in the following order of sequence:

Core services – career counseling, job search and placement assistance, labor market information identifying job vacancies, skills necessary for occupations in demand, and relevant employment trends.

Intensive services - comprehensive assessments, development of individual employment plans, counseling, case management, and short-term prevocational services.

Training Services – occupational skills training, on-the-job training, customized training, entrepreneurial training, skill upgrading, job readiness training, and adult education and literacy activities in conjunction with other training.

Services for the Youth program — which do not have a required order of sequence — include assessment of skills and service needs, development of service strategies, and preparation for postsecondary educational opportunities and unsubsidized employment, as appropriate.

WIA requires that program services be delivered through a one-stop delivery system designed to coordinate services of other partner employment and training programs and provide participants with access to a seamless system of workforce investment services.

DOL's ETA is responsible for administering WIA at the federal level. L&I is the SWA responsible for administering WIA in Pennsylvania, with 23 LWIBs responsible for administering WIA Title IB programs at the local level.

The Board and RCWE, a not-for-profit public-private partnership, provide policy, planning, and oversight of local workforce development programs covering six counties in Pennsylvania's northwest region. The Board comprises committee members representing business, labor, education, social services, and government agencies throughout Northwest Pennsylvania. Working in cooperation with chambers of commerce, economic development organizations, planning commissions, and others, the Board focuses its development activities on key industry segments that include electronics manufacturing, food processing, construction, health care, metal fabrication, plastics, technology, lumber and hardwoods, oil and gas, transportation, and mining. The Board contracts with organizations to provide WIA services at its one-stop centers. For PY 2011 (July 1, 2011 through June 30, 2012) the Board reported \$4.9 million in WIA Title IB expenditures and 2,290 participants served. RCWE headquarters is located at 210 Chestnut Street, Meadville, PA.

LWIBs in Pennsylvania report data on program participants to L&I through the CWDS. The CWDS automatically exits participants from programs 90 days after the last date they receive services, which is their exit date. As required by WIA, L&I uses unemployment insurance wage records to determine the employment status and wages for those participants who exited WIA programs. At the end of each program year, L&I prepares a WIA annual report to ETA of data on participants served and exited (exiters) from WIA Title IB programs. L&I reports individual participant data to ETA using the Workforce Investment Streamlined Performance Reporting (WISPR). ETA uses this data to measure performance at both the SWA and LWIB level.

The following are the WIA Title IB performance measures.<sup>10</sup>

Adult and Dislocated Workers

Entered Employment  
Employment Retention  
Average Earnings

Youth

Placement in Employment or Education  
Attainment of a Degree or Certificate  
Literacy and Numeracy Gains

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<sup>10</sup> These are known as the common performance measures for WIA programs, which are a set of common performance measures established by the federal Office of Management and Budget and ETA to be applied to all federal employment and training programs.

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## Appendix B

### Objective, Scope, Methodology, and Criteria

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#### Objective

Our audit objective was to answer the following question:

Did the Northwest Pennsylvania Workforce Investment Board meet its performance goals to provide WIA-funded services to participants to meet the workforce development needs of the local area?

#### Scope

Our audit encompassed the Board's PY 2011 (July 1, 2011 through June 30, 2012) WIA performance results reported to L&I. The following describes the specific time period for each of the PY 2011 performance measure results:

##### *Adult and Dislocated Worker*

For the EER, exiters from October 1, 2010, to September 30, 2011, who were not employed when entering the program.

For the ERR, exiters from April 1, 2010, to March 31, 2011, who were employed the first quarter after exit.

For the average earnings, exiters from April 1, 2010, to March 31, 2011, who were employed the first, second, and third quarters after exit.

##### *Youth*

For the placement in employment or education, exiters from October 1, 2010, to September 30, 2011, who were not employed or in post-secondary education when entering the program.

For the Attainment of Degree or Certification, exiters from October 1, 2010, to September 30, 2011, who were enrolled in education at date of participation or any point during the program.

For Literacy or Numeracy Gains, exiters from July 1, 2010, to June 30, 2011, who were out-of-school youth who were basic skills deficient.

We analyzed the services and outcomes for all 1,161 participants who exited between April 1, 2010, and March 31, 2011.<sup>11</sup>

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<sup>11</sup> This was the most current data we could obtain at the time of our audit because data on outcomes are not available until 12-15 months after participants exit the program.



We conducted our work between January and April, 2013, at the Board's offices located in Erie, PA.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **Methodology**

To answer our objective, we reviewed support in the Board's case files, and evaluated the WIA-funded services participants received to determine whether these services benefited the participants after their exit from the program.

We reviewed case files for a random sample of 288 participants to determine if the reported services and outcomes were supported. Since not all participants received training services, we also reviewed a random sample of 56 participants who did receive training services to determine if the training provided was in a demand occupation. We analyzed the services and outcomes for all 1,161 participants who exited between April 1, 2010, and March 31, 2011, to determine the level of services they received and their employment and wage outcomes as compared to when they entered WIA. Of these 1,161 participants, 316 received training services which we analyzed to determine the extent to which participants found jobs related to the training received.

## **Reliability Assessment**

We assessed the reliability of ETA's WISPR data by performing tests for completeness, accuracy, and consistency of the data elements used in the audit, and reviewing existing information about the data. We determined the data was sufficiently reliable for the purposes of this audit.

## **Sampling**

We determined a universe for each of the performance measures audited covering PY 2011, and obtained supporting WISPR data for the participants used in the calculation as described in Exhibits 1 and 2. The following schedule below provides the denominator of the nine performance measures and our denominator sample size:

Performance Measure	WIA Title IB Program	Number of Participants Reported in the Denominator	Number of Participants Sampled From the Denominator
EER	Adults	108	30
	Dislocated Workers	369	36
ERR	Adults	91	30
	Dislocated Workers	349	36
Six Months Average Earnings	Adults	85	30
	Dislocated Workers	319	36
Placement in Employment of Educations	Youth (14-21)	106	30
Attainment of Degree or Certification	Youth (14-21)	80	30
Literacy or Numeracy Gains	Youth (14-21)	45	30
<b>TOTALS</b>		<b>1,552</b>	<b>288</b>

For sampling we used a confidence level of 90 percent and a sampling precision of 10 percent. Based on the sample results, we projected the number of participants who should not have been reported in the denominator, meaning the inaccurate exit dates would have excluded the participant from being reported in the performance measure time period. We used these projections to estimate the number of participants in the numerator. The following table provides our sample results, projections for the denominator, and estimates for the numerator.

Measure	Program	Participants Numerator/ Denominator	Actual Level	Projected Errors	Revised Participants Numerator/ Denominator	Revised Level
Entered Employment Rate	Adults	80/108	74.1%	0	80/108	74.1%
	Dislocated Workers	303/369	82.1%	10	293/359	81.6%
Employment Retention Rate	Adults	85/91	93.4%	12	73/79	92.4%
	Dislocated Workers	319/349	91.4%	0	319/349	91.4%
Six Months	Adults	\$1,153,929/85	\$13,576	-	\$1,153,929/85	\$13,576

Average Earnings	Dislocated Workers	\$5,944,851/319	\$18,636	(\$89,361)	\$5,944,851/310	\$18,889
Placement in Employment or Education	Youth	86/106	81.1%	3	83/103	80.6%
Attainment of Degree or Certification	Youth	65/80	81.3%	0	65/80	81.3%
Literacy or Numeracy Gains	Youth	28/45	62.2%	0	28/45	62.2%

A performance audit includes an understanding of internal controls considered significant to the audit objective and testing compliance with significant laws, regulations, and other requirements. In planning and performing our audit, we considered whether internal controls significant to the audit were properly designed and placed in operation. This included reviewing NW PA WIB policies and procedures related to maintaining participant files. We confirmed our understanding of these controls and procedures through interviews and documentation review and analysis. Our consideration of NW PA WIB internal controls for maintaining participant files would not necessarily disclose all matters that might be reportable conditions. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected.

### Criteria

- WIA of 1998
- CFR, Title 20, Part 652 et. al, August 11, 2000
- TEGL 17-05 – Common Measures Policy of ETA’s Performance Accountability System and Related Performance Issues
- TEGL 14-00 – WIA Performance Reporting System
- TEGL 14-00, Change 1 – Guidance on WIA Management Information and Reporting System
- TEGL 14-00, Changes 2 and 3 – WIA Annual Report Narrative
- WIA Annual Report: General Reporting Instructions and ETA Form 9091
- RCWE Policies and Procedures for Case files and Monitoring

**Appendix C****Acronyms and Abbreviations**



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Bureau	Pennsylvania Bureau of Audits
Board	Northwest Pennsylvania Workforce Investment Board
CFR	Code of Federal Regulations
CWDS	Commonwealth Workforce Development System
CWIA	Center for Workforce Information Analysis
DOL	U.S. Department of Labor
EER	Entered Employment Rate
ERR	Employment Retention Rate
ETA	Employment and Training Administration
HPO	High Priority Occupation List
L&I	Pennsylvania Department of Labor and Industry
LWA	Local Workforce Agency
LWIB	Local Workforce Investment Board
OIG	Office of Inspector General
PY	Program Year
RCWE	Regional Center for Workforce Excellence
SWA	State Workforce Agency
TEGL	Training and Employment Guidance Letter
WIA	Workforce Investment Act
WISPR	Workforce Investment Streamlined Performance Reporting

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Appendix D

ETA Response to Draft Report

<p>U.S. Department of Labor</p> <p>SEP 26 2013</p>	<p>Assistant Secretary for Employment and Training Washington, D.C. 20210</p>	
MEMORANDUM FOR:	ELLIOT P. LEWIS Assistant Inspector General Office of Audits	
FROM:	ERIC M. SELEZNOW  Acting Assistant Secretary Employment and Training Administration	
SUBJECT:	Response to Office of Inspector General's Audit <i>Improvements Are Needed By The Northwest Pennsylvania Workforce Investment Board To Ensure Services Are Documented And Participants Find Jobs Related To The Training Received</i> , Audit Report 03-13-002-03-390	
<p>The Employment and Training Administration (ETA) appreciates the opportunity to provide a response to the Office of the Inspector General's (OIG) audit report on Improvements that are Needed by the Northwest Pennsylvania Workforce Investment Board (Northwest WIB) to Ensure Services are Documented and Participants Find Jobs Related to the Training Received. We acknowledge the time and effort that the OIG spent examining data of WIA participants served by the Northwest WIB who received training services.</p>		
<p>ETA does not agree with the premise in Finding 2 that the Northwest WIB should have "goals for the percentage of participants who received training and found employment related to the training received." Elsewhere in the discussion regarding Finding #2, the OIG states "WIA does not have any such requirement . . . ." In ETA's opinion, OIG should not have embarked on this Finding.</p>		
<p>In Finding 2, OIG also repeats the suggestion made in Report No. 03-11-003-03-39 (9/30/11) ("Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Worker Programs,") "that ETA pursue changes in WIA to include a performance measure for training services." ETA repeats its response provided to Report No. 03-11-003-03-39: "[a]s Congress moves forward to reauthorize WIA, it and the Administration may consider additional policy positions such as that contained in this recommendation; however, <i>ETA cannot predict whether that is likely, nor can it commit to pursue a law change within the context of this response.</i>" (Emphasis added.)</p>		
<p>ETA generally endorses Recommendations 1 through 3, as they will improve the performance accountability of the Northwest WIB. However, ETA would like to note that the audit of one local area is just that – the audit of one local area. Given the structure of WIA in which states are the grantees of the federal government and the programs are designed to allow for flexibility in</p>		

decision-making at the state and local levels, we hope that addressing these recommendations can be viewed in light of the relationship between the Federal government as administering the programs and state and local governments implementing them with their direct customers in mind.

With regard to Recommendation 4, ETA responded as follows to a similar Recommendation (Number 3) to Report No. 03-11-003-03-39 referenced above: "As part of our continuing guidance to the system, ETA plans to publish a Training and Employment Guidance Letter (TEGL) which provides information on improving data collection for the 'training-related employment' data element. ETA staff also will continually examine data trends to determine how quickly improvements are made within the system."

Rather than a TEGL, Training and Employment Notice (TEN) 5-13 was released in early September, 2013. TEN 5-13 focuses on the current state of training-related employment and occupation information in the Workforce Investment Act Standardized Record Data (WIASRD), the difficulties and expense in collecting this particular element, and some promising strategies states use to increase reporting on it from a performance reporting perspective. The primary resource for collecting such training-related post program outcomes for participants who are employed is state wage record databases. However, state wage record databases do not currently contain occupation information. The vast majority of state wage record databases do contain industry information, which has been added to the WIASRD and will be collected in PY 2013 WIASRD submissions. It is not feasible at this point to require individual grantees to achieve 100 percent response rates on post-program training related employment when the information is collected manually.

Therefore, ETA does not agree with Recommendation 4, which would require that NW WIB "conduct a study or analysis to determine why participants did not obtain employment related to the training received and use results to develop strategies to increase the percentage of participants who . . . find related employment." States and local areas must make decisions on the use of their resources, including on the amount of time spent on follow up activities to gather information such as training-related employment. It is not appropriate or feasible for ETA to require certain analysis or study at the local WIB level.

Finally, we note that the OIG referenced a fiscal audit of the Northwest WIB by the Pennsylvania Bureau of Audits, and that the OIG had therefore determined not to undertake a fiscal audit of the Northwest WIB. The audit of the Northwest WIB by the Pennsylvania Bureau of Audits resulted in a number of findings of serious financial irregularities and inappropriate decisions. ETA is concerned that, because OIG has not adopted the findings of the Pennsylvania Bureau of Audits, we are aware of findings regarding apparent fiscal mismanagement of the Northwest WIB, but are unable to take corrective action because the Department's OIG has not endorsed or adopted the findings. Therefore, we request that the OIG take appropriate action to resolve this problem.

Appendix E

L&I Response to Draft Report



September 27, 2013

Elliott P. Lewis  
Assistant Inspector General for Audits  
U.S. Department of Labor  
Office of Inspector General  
Washington, DC. 20210

Dear Mr. Lewis:

The Pennsylvania Department of Labor & Industry (L&I) has reviewed the draft audit report, number 03-13-002-03-390, of the Workforce Investment Act (WIA) Title IB programs operated by the Northwest Workforce Investment Board (NW WIB) as well as the responses provided by the NW WIB. L&I's response to the corrective actions suggested by the NW WIB and the federal recommendations are below.

**Finding 1- The NW PA WIB did not always ensure services were supported.**

The finding identified 1) the need for policies and procedures that require case workers to document in participant case files support for the services they were provided; and (2) the need to update policies and procedures related to the monitoring of WIA service providers to require a review of case files to ensure they contain documentation to support services entered in the Commonwealth Workforce Development System.

L&I acknowledges that these concerns were relative to previous service providers as the NW WIB indicates. To remedy this issue the NW WIB has committed to addressing these issues through formalized new or revised policies. L&I believes these new or revised policies will appropriately address these concerns.

NW WIB also asserts the single service provider Venango Training and Development Center has directed staff to adopt the process of "hard exiting" participants upon 90 days of non-activity. This is not an acceptable practice and is not appropriate to build into new or revised policies. L&I will refer the NW WIB to Training and Employment Guidance Letter 17-05, which identifies the only circumstances which a participant should be hard exited.

The NW WIB's response indicates the Regional Center for Workforce Excellence will work with the NW WIB and service provider(s) to draft the new or revised policies. It will be imperative however that the NW WIB bear the responsibility of drafting the policies and work with the service provider(s) to ensure requirements are being met.

Department of Labor & Industry | Deputy Secretary for Workforce Development  
651 Boas Street | Harrisburg, PA 17121 | 717.787.0805 | F 717.214.3806 | [www.dli.state.pa.us](http://www.dli.state.pa.us)



**Finding 2- The NW WIB did not have goals for the percentage of participants who received training and found employment related to the training received.**

The NW WIB's response indicates they plan to work with their service provider and L&I to conduct a survey or analysis to determine why participants did not obtain employment related to training. L&I will work with the NW WIB to accomplish this goal.

**Recommendations**

L&I is in agreement with the Office of Inspector General's recommendations and will require the NW WIB to address them.

Please contact me should you have further questions regarding our response. I can be reached at 717-705-8570, or via email at [mstaton@pa.gov](mailto:mstaton@pa.gov).

Sincerely,



Michelle L. Staton

Deputy Secretary for Workforce Development

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**Board Response to Draft Report**

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**RESPONSE TO US DOL, OIG DISCUSSION DRAFT REPORT (DDR)**

**Finding 1 – The NW PA WIB did not always ensure services were supported** - The information related to this finding involves the previous contractors. The finding identifies (1) the need for policies and procedures to document in participant case files support for the services they were provided; and (2) the need to update policies and procedures related to the monitoring of WIA program contractors to require a review of case files to ensure they contain documentation to support services entered in the CWDS. Both items have been addressed through programmatic means. These issues will be formalized in new or revised policies. Our current single program contractor, Venango Training and Development Center (VTDC), independently identified and addressed this issue in July 2012 by directing staff to hard exit an individual from WIA services when these services are no longer needed or a client ceases using WIA services. This action is based on a determination made by the VTDC staff coordinator. The procedural change by VTDC addresses this finding. Additionally, the RCWE will work with the current program contractor and the WIB to adopt policies and procedures to formalize the hard exit procedure currently being utilized.

The RCWE will work with the current program contractor and the WIB to draft formal policies and procedures that will require a secondary file review and sign-off by a program supervisor as verification that services are appropriately documented and accurate exit dates have been entered for participants. We will develop and implement policies to ensure caseworkers comply with ETA requirements that WIA participants are exited from the program after 90 days without a service, using the last date of service as the exit date. We will develop and implement policies and procedures for monitoring program contractors who provide WIA services to ensure they comply with the requirements for documenting services in the case files and exiting WIA participants from the program after 90 days without a service, using the last date of service as the exit date.

**Finding 2 – The NW PA WIB did not have goals for the percentage of participants who received training and found employment related to the training received** – We agree this is an area that needs to be addressed. The finding addresses a matter not required by the WIA, but is considered to be a good practice for a WIB to set goals to assist in determining how best to allocate shrinking WIA funds and to maximize program effectiveness in assisting individuals to pursue viable career paths leading to self-sufficiency and to improve accountability over WIA funds used to train participants for high-priority occupations. We will work with the current program contractor to identify the criteria that need to be involved in conducting such a study

or analysis to determine why participants did not obtain employment related to the training received. We anticipate discussions with PA Department of Labor and Industry regarding this goal.

#### **RECOMMENDATIONS**

This section provides four items addressed to the acting Assistant Secretary for Employment and Training, recommending that the acting Assistant Secretary direct the Pennsylvania Department of Labor & Industry to require to:

1. Develop and implement policies and procedures requiring caseworkers to document in participant case files the services they provide.
2. Development and implement policies and procedures to ensure caseworkers comply with ETA requirements that WIA participants are exited from the program 90 days without a service, using the last date of service as the exit date.
3. Develop and implement policies and procedures for monitoring contractors who provide WIA services to ensure they comply with the requirements for documenting services in the case files and exiting WIA participants from the program after 90 days without a service, using the last date of service as the exit date.
4. Conduct a study or analysis to determine why participants did not obtain employment related to the training received and use the results to develop strategies to increase the percentage of participants who receive training services find related employment.

We agree with the recommendations. Additionally, and through our response to Finding 1, we have noted that recommendation numbers 1 – 3 have already been addressed from a programmatic perspective in July of 2012 through our current program contractor. The RCWE and the current program contractor will work with the WIB to develop appropriate policies and procedures to formalize what has been occurring programmatically.

With respect to recommendation number 4, we will begin an internal planning process to ascertain how to conduct such a study or analysis. We would work with the Department of Labor & Industry in planning for, and conducting, such a study or analysis.

**Appendix G**

**Acknowledgements**

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Key contributors to this report were Michael Hill (Audit Director), Michael Elliott (Audit Manager), Ted Lawson, Barry Weiss, Janet Cucunato, and Ajit Buttar.

**TO REPORT FRAUD, WASTE OR ABUSE, PLEASE CONTACT:**

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