

ETA Response to Draft Report


U.S. Department of Labor

SEP 26 2013

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



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 *Improvements Are Needed By The Northwest Pennsylvania Workforce Investment Board To Ensure Services Are Documented And Participants Find Jobs Related To The Training Received*, Audit Report 03-13-002-03-390

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.

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.

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, *ETA cannot predict whether that is likely, nor can it commit to pursue a law change within the context of this response.*" (Emphasis added.)

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

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.

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

**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

Board Response to Draft Report

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.