



**Date:** October 4, 2006  
**To:** Mitchell Johnson, City Manager  
**From:** Internal Audit Division  
**Subject:** Department of Training and Employment Services / Workforce Investment Act – WIA

The Internal Audit Division has performed a review of grant in the Department of Training and Employment Services. Attached you will find our review report; the departmental response; and our replies to their responses. We feel that our recommendations have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

A handwritten signature in black ink, appearing to read 'Len Lucas'.

Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development  
Lillian Plummer, Director of Training and Employment Services



**Date:** November 21, 2005

**To:** Lillian Plummer, Director Training and Employment Services

**From:** Internal Audit

**Subject:** Workforce Investment Act-WIA

The Internal Audit Division has conducted an audit of the Workforce Investment Act Program (WIA) administered by Training and Employment Services (TES). This is the first audit of this program by internal audit. Our last audit of TES was dated April 23, 1999 and was a review of the Adult Training & Employment Program for fiscal year 1997-1998. The audit was conducted in accordance with auditing standards issued by the Institute of Internal Auditors, to include a review of the internal controls in place within the division. The audit included a review of underlying WIA requirements to determine compliance with the law.

The purpose of the audit was to:

- Verify participants are eligible for the program(s) and that their files document the eligibility.
- Verify that internally generated participant data and Workforce+ data agree.
- Verify disbursements are in compliance with the contract.
- Determine that the programs are achieving the desired results or benefits as defined by law.
- Verify that assets purchased with grant funds are properly recorded in the inventory system.
- Verify that required reports to the granting agencies are being provided timely.

TES administered the Adult Training and Employment Program under the Job Training Partnership Act (JTPA), a predecessor to the Workforce Investment Act. The WIA became public law August 1998. WIA funding comes through the North Carolina Department of Commerce, Division of Employment & Training, but is federally funded. During the period from 1999 through 2004, the TES was allocated \$12,390,064 for operations of the program. The program includes funding for Adults, Dislocated Workers, Youth and 10% Statewide Activities. Expenditures for the period from 1999 to 2004 for those categories total \$9,482,456. The TES Final Expense Report for program year 2004 indicates there is \$2,692,893 remaining in the various grants. Expenditures in 2004/2005 for the four categories of grants totaled \$2,806,560. During the 2004-2005 fiscal year TES indicates there were a total of 1,211 participants receiving core services, to training assistance in areas ranging from literacy upgrades to skill-specifics for employment. The 2005 program year allocation from the North Carolina Department of Commerce, Division of Employment & Training was for a total of \$2,787,426.

There are three distinct areas of service delivery:

1. Core services
2. Intensive services
3. Training services

Core services are offered to all adults over 18 years of age with no additional eligibility requirements. The core services include: Determination of eligibility to receive assistance under WIA, Outreach, intake (which may include worker profiling), and orientation to the information and other services available through the one stop delivery system, Initial assessment of skill levels, aptitudes, abilities and supportive service needs, Job Search and placement assistance, and where appropriate, career counseling.

In order to access intensive or training services higher eligibility requirements are required and the individual must be registered in the WIA Workforce+ program. The program is designed to help eligible clients that meet a variety of criteria, which identify them as being in a population having outdated skill sets, or other barrier(s) to employment. Funds are available to enable the client to train for a new skill or improve the one's they have in order to obtain employment at a higher wage than their current skills allow.

The assistance provided to clients under intensive or training services consists of several areas to enable the individual to enhance job skills prior to seeking employment. Once an individual is determined to be eligible and certified for the program, they are given an objective assessment to help identify personal strengths and weakness. Once completed, the process identifies the

available services TES provides that are compatible to the individual's needs to enter the job market. After potential services are identified, an Individualized Service Strategy (ISS) or Individual Employment Plan (IEP) is formulated to use as a guideline to enable an individual to reach their desired goals. If the client is determined to need training services and has matching skills and qualifications to successfully complete the training program, an Individual Training Account (ITA) may be set up. The next step is for the client to receive appropriate training to enter the job market.

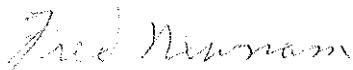
Once the necessary training is satisfactorily completed, the client is equipped to enter the job market with marketable skills that will enhance their job search. During the client's search, the TES counselors remain in contact and provide support and guidance. Once employment is obtained, or if the individual fails to keep in touch with the program and is not progressing, the individual is formally separated from the program and removed from the Workforce+ computer as a client.

The final phase of the program initiates TES to contact the former client who separates after successful completion after they have been formally separated from the program and document the place of employment, current salary status, and whether or not the employment is full or part-time. The follow-up is an internal process, but is also a requirement performed by the State Of North Carolina to monitor program performance. The State of North Carolina has regular standard and incentive standard regarding follow-up percentages these are tied to the 10% statewide activities funds allocations. According to TES information for this program year, 533 participants exited programs and 198 entered employment. It should be noted that participants exiting the program includes incumbent workers, but those entering employment do not. The TES has received incentive funding every year since 1999, and received incentive funding of \$68,182 for program year 2004, and \$51,282 for program year 2005.

In general we found that documentation and program requirements as well as financial requirements were being met. We found no problem with participant's eligibility, but found that some of the participants were not in the Workforce + computer for the program(s) they were eligible for according to the file data, as their certification for a program expired after 60 days. We recommend that TES require case managers review their participants files and compare them to the Workforce+ computer listings in order to determine whether the participants are listed in the Workforce + computer for the same program(s) they are certified for in the case manager's file sixty one days after original certification. We, also, determined that the TES was following up on progress made by participants in most cases, but that one of the participants which had not been contacted for over a year was still on the listing of participants. We recommend that the TES case managers be given a time limit to contact non-cooperative participants, after which they should be instructed in writing to remove them as participants from the Workforce+ computer system.

Another matter we are commenting on concerns the requirements for contracts for incumbent workers. One such contract included funds allowing \$3,450 for curriculum development. The 2003 guidelines, under which the contract was written, require that if a curriculum is developed using grant funds, it belongs to the public domain. The contract with the company training incumbent workers had no such codicil. There were no funds expended for the curriculum development and the contract is completed and closed, but we caution the TES that they must be sure that any contracts drawn up strictly follow guidelines then in place.

We wish to thank the TES personnel for their cooperation and assistance in conducting this review. We request that TES provide written replies to the recommendations and comments above by December 7, 2005. If there are any questions or comments concerning the review or its comments, please contact Fred Newnam at 2230.



Internal Auditor II  
Fred. Newnam



Director Internal Audit  
Len Lucas

Cc: Ben Brown, Assistant City Manager for Economic Development

THANKS!

Len Lucas

373-2823

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**From:** Plummer, Lillian  
**Sent:** Monday, September 25, 2006 12:39 PM  
**To:** Lucas, Len  
**Cc:** Brown, Ben  
**Subject:** Internal Audit Review

This is an official response to the review conducted by Internal Audit. This review addressed eligibility, MIS participant data management, administrative/program outcomes, and reporting. Outlined are responses to the findings and recommendations outlined in the report.

Issue 1: ". . . some of the participants were not in the Workforce+ computer for a program expired after 60 days. We recommend that TES require case managers review their participant's files and compare them to the Workforce+ computer listings in order to determine whether the participants are listed in the Workforce+ computer for the same program(s) they are certified for in the case manager's file sixty-one days after original certification"

**Response 1:** Participants are sometimes certified for multiple programs to increase they system's flexibility in providing potential services; all dislocated workers are also eligible as adults, for example. There is no requirement to complete an enrollment in each program for which a participant is eligible. Normally, the actual WIA enrollment is into the one program for which the most funding is available. An expiration of the un-enrolled program is a natural event that occurs in Workforce+ and is not an indicator of a problem or mistake.

Issue 2: ". . . TES was following up on progress made by participants in most cases, but [one] of the participants which had not been contacted for over a year was still on the listing of participants. We recommend that TES case managers be given a time limit to contact non-cooperative participants, after which they should be instructed in writing to remove them as participants from the Workforce+ computer system."

**Response 2:** TES has a policy in which all participants must be contacted and information updated in WF+ at least once every 45 days. When updates do not occur in WF+ for a 60 day period, a message is automatically sent to the case manager from within WF+, followed by another at 75 days. Then, at 90 days, the state automatically exits participants for whom no contact is recorded in WF+. Systems are in place to prevent the situation described from occurring again.

Issue 3 ".....concerns the requirements for contracts for incumbent workers. One such contract included funds allowing \$3,450 for curriculum development. The 2003 guidelines, under which the contract was written, require that if a curriculum is developed using grant funds, it belongs to the public domain. The contract with the company training incumbent workers had no such codicil. There were no funds expended for the curriculum development and the contract is completed and closed, but we caution the TES that they must be sure that any contracts drawn up strictly follow guidelines then in place.

Response 3: TES has added language to the contractual agreement that specifically states that materials developed under the incumbent worker grant program become public domain.

Thank you for your assistance and review. My Assistant, Vonda Wingate will forward a hard copy of this response to your Division.




Date: October 2, 2006  
To: Lillian Plummer, Director Training and Employment Services  
From: Internal Audit  
Subject: Workforce Investment Act-WIA review response

Ms. Plummer,

We have carefully read your response dated September 26, 2006 as it related to our written review of the Workforce Investment Act dated November 22, 2005. The response provided indicates that our concerns are being addressed, and that areas of concern will not recur in the future.

Based on this understanding of the reply we are closing our audit and concur with the actions indicated as being taken, and safeguards in place to keep the problems from recurring. We wish to thank the TES personnel for their cooperation and assistance in conducting the review, and with this reply we will close our file.

  
Fred Newnam  
Internal Auditor

  
Len Lucas  
Internal Audit Director

cc: Ben Brown, Assistant City Manager for Economic Development