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July 23, 2013

Chip Massie, Chair
Oregon Workforce Alliance
c/o TOC/OWA
260 Ferry St SW, Suite 202
Albany, OR 97321-2269

Dear Mr. Massie,

Attached please find the final monitoring reports for the Workforce Investment Act Title 1B service providers in the TOC/OWA visited during Program Year 2012.

Please extend our thanks to staff for their work in preparing materials for our visits, and for their assistance during our reviews.

If you or your staff have any questions, please contact me at 503-947- 2414, or Karen Humelbaugh at 503-947-2404.

Sincerely,

Krissa Caldwell
Deputy Commissioner



FINAL Monitoring Review Report

Program Year 2012 (July 1, 2012 – June 30, 2013)

The Oregon Consortium/Oregon Workforce Alliance

To satisfy requirements for oversight and monitoring of Workforce Investment Act (WIA) Title I funds, the State of Oregon's Department of Community Colleges and Workforce Development's (CCWD) monitoring plan provides for on-site monitoring reviews of local workforce investment areas, subrecipients and contractors. The state's monitoring system ensures that program policies and outcomes meet the objectives and regulations of WIA, and determines if compliance with WIA requirements has been demonstrated. The on-site monitoring also allows for determination as to whether a local workforce investment area is making acceptable progress in addressing any deficiencies, and to ensure compliance with the nondiscrimination and equal opportunity requirements of the WIA. The monitoring review also addresses the local area's compliance with the Department of Labor's (DOL) uniform administrative requirements.

Staff from CCWD conducted its review of The Oregon Consortium/Oregon Workforce Alliance's (TOC/OWA) office in Albany, Oregon on April 1-April 4, 2013. The CCWD relied on work, responses and other information provided during Program Year 2012 monitoring being conducted by Mark Neeley, Todd Nell, John Asher and Michael McCoy.

This report cites the results of our tests of compliance and review of policies and processes, and includes, defined as:

- *Observations: In the course of the review, the audit team discovered areas that raised some measure of concern. Such concerns may be easily alleviated, and the audit team made every effort to discuss solutions with the appropriate staff to minimize concern.*
- *Findings: Findings are items or issues that are of significant concern or that indicate the violation of a guiding principle, regulation or rule. The monitoring team requested additional information beyond the initial review questions to determine whether the issue discovered was an abnormality of the review process or a valid violation.*

This report cites no findings and no observations

During the monitoring visit, the CCWD reviewed applicable aspects of TOC/OWA's administrative and program systems for compliance with regulatory requirements. The results of this review indicated that TOC/OWA was in compliance with applicable regulatory requirements.

The fiscal components of the review guide provided information and details which confirm that the fiscal system of expenditure authorization and record keeping is sufficient to provide reasonable accounting control over assets, liabilities, revenues, and expenditures in connection with those funds. Staff studied samples of payroll

and cash disbursements, training, supportive services, incentives, OJT and work experience, tested cost allocation plans, cash draws, cash account reconciliations, program income, the 30% level requirement for Out-of-School Youth expenditures, and examined non expendable property inventory listings.

Draft report: April 4, 2013.

Response to draft: May 6, 2013.

Final report: July 23, 2013

Final appeal: N/A

Deputy Commissioner's decision: N/A

FINAL Monitoring Review Report

Program Year 2012 (July 1, 2012 – June 30, 2013)

Region 1

To satisfy requirements for oversight and monitoring of Workforce Investment Act (WIA) Title I funds, the State of Oregon's Department of Community Colleges and Workforce Development's (CCWD) monitoring plan provides for on-site monitoring reviews of local workforce investment areas, subrecipients and contractors. The state's monitoring system ensures that program policies and outcomes meet the objectives and regulations of WIA, and determines if compliance with WIA requirements has been demonstrated. The on-site monitoring also allows for determination as to whether a local workforce investment area is making acceptable progress in addressing any deficiencies, and to ensure compliance with the nondiscrimination and equal opportunity requirements of the WIA. The monitoring review also addresses the local area's compliance with the Department of Labor's (DOL) uniform administrative requirements.

Staff from CCWD conducted its review of Region 1 at Management & Training Corporation (MTC Works) office in Astoria, OR October 29 - 31, 2012. The CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance (TOC/OWA) Program Year 2012 monitoring being conducted by Monty Johnson and Jackie Cray during the joint TOC/OWA and CCWD onsite visit. Mark Neeley, Todd Nell and Michael McCoy represented CCWD.

This report cites the results of our tests of compliance and review of policies and processes, and includes, defined as:

- *Observations: In the course of the review, the audit team discovered areas that raised some measure of concern. Such concerns may be easily alleviated, and the audit team made every effort to discuss solutions with the appropriate staff to minimize concern.*
- *Findings: Findings are items or issues that are of significant concern or that indicate the violation of a guiding principle, regulation or rule. The monitoring team requested additional information beyond the initial review questions to determine whether the issue discovered was an abnormality of the review process or a valid violation.*

This report cites no findings and no observations.

During CCWD's visit, six youth program participant files and eleven non-youth participant files (made up of adult, dislocated worker, and SESP participants) were tested, and all included appropriate eligibility documents and plan information.

The fiscal components of the review guide provided information and details which confirm that the fiscal system of expenditure authorization and record keeping is sufficient to provide reasonable accounting control over assets, liabilities, revenues, and expenditures in connection with those funds. Staff studied samples of payroll and cash disbursements, training, supportive services, incentives, OJT and work

experience, tested cost allocation plans, cash draws, and cash account reconciliations, program income, the 30% level requirement for Out-of-School Youth expenditures, and examined property inventory listings.

Draft report: October 31, 2012

Response to draft: November 30, 2012

Final report: July 23, 2013

Final appeal: N/A

Deputy Commissioner's decision: N/A

FINAL Monitoring Review Report

Program Year 2012 (July 1, 2012 – June 30, 2013)

Region 7

To satisfy requirements for oversight and monitoring of Workforce Investment Act (WIA) Title I funds, the State of Oregon's Department of Community Colleges and Workforce Development's (CCWD) monitoring plan provides for on-site monitoring reviews of local workforce investment areas, subrecipients and contractors. The state's monitoring system ensures that program policies and outcomes meet the objectives and regulations of WIA, and determines if compliance with WIA requirements has been demonstrated. The on-site monitoring also allows for determination as to whether a local workforce investment area is making acceptable progress in addressing any deficiencies, and to ensure compliance with the nondiscrimination and equal opportunity requirements of the WIA. The monitoring review also addresses the local area's compliance with the Department of Labor's (DOL) uniform administrative requirements.

Staff from CCWD conducted its review of Region 7 at South Coast Business Employment Corporation (SCBEC) office in Coos Bay, OR December 10- 12, 2012. The CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance (TOC/OWA) Program Year 2012 monitoring being conducted by Monty Johnson and Jackie Cray during the joint TOC/OWA and CCWD onsite visit. Mark Neeley, and Michael McCoy represented CCWD.

This report cites the results of our tests of compliance and review of policies and processes, and includes, defined as:

- *Observations: In the course of the review, the audit team discovered areas that raised some measure of concern. Such concerns may be easily alleviated, and the audit team made every effort to discuss solutions with the appropriate staff to minimize concern.*
- *Findings: Findings are items or issues that are of significant concern or that indicate the violation of a guiding principle, regulation or rule. The monitoring team requested additional information beyond the initial review questions to determine whether the issue discovered was an abnormality of the review process or a valid violation.*

This report cites one finding and no observation.

Cash Account Reconciliation Finding:

The October 31, 2012 cash account reconciliation for the Umpqua Business Checking Account was reviewed. The reconciliation was prepared by the Fiscal Services Manager but has not been approved by the Assistant Fiscal Manager. Upon further review of this account reconciliation, it was discovered that the reconciliations for the months of July 2012 through September 2012 were prepared but have also not been approved. The average month end bank balance in this account for the period July 2012 through October 2012 was \$689,000.

In order to comply with SCBEC's bank reconciliation policy and procedure and in order to maintain proper accountability over cash, it is recommended that the Assistant Fiscal Manager review and approve all cash account reconciliations for the Umpqua Business Checking Account from July 2012 through October 2012 to bring them current. Thereafter, all monthly cash account reconciliations should be approved by the Assistant Fiscal Manager on a timely basis after they are prepared by the Fiscal Manager.

Resolution:

SCBEC has submitted properly approved reconciliations of the Umpqua Business Checking Account for the periods July 2012 through November 2012. Also, management has added an automatic reminder for approval of the cash account reconciliation to their grant and deadline tracking system and they have changed the routing of the bank reconciliation file to include the Assistant Fiscal Manager after completion of the bank reconciliation by the Fiscal Manager.

During CCWD's visit, six youth program participant files and eleven non-youth participant files (made up of adult, dislocated worker, and SESP participants) were tested, and all included appropriate eligibility documents and plan information.

The fiscal components of the review guide provided information and details which confirm that the fiscal system of expenditure authorization and record keeping is sufficient to provide reasonable accounting control over assets, liabilities, revenues, and expenditures in connection with those funds. Staff studied samples of payroll and cash disbursements, training, supportive services, incentives, OJT and work experience, tested cost allocation plans, cash draws, cash account reconciliations, program income, the 30% level requirement for Out-of-School Youth expenditures, and examined non expendable property inventory listings.

The Oregon Consortium/Oregon Workforce Alliance and SCBEC will have seven (7) days from the date of the final report to prepare and submit a formal appeal to any finding. The appeal will be directed to the Deputy Commissioner, who will make the final decision.

Draft report: December 12, 2012

Response to draft: January 11, 2013

Final report: July 23, 2013

Final appeal: July 30, 2013

Deputy Commissioner's decision:

***FINAL* Monitoring Review Report**

Program Year 2012 (*July 1, 2012 – June 30, 2013*)

Region 9

To satisfy requirements for oversight and monitoring of Workforce Investment Act (WIA) Title I funds, the State of Oregon's Department of Community Colleges and Workforce Development's (CCWD) monitoring plan provides for on-site monitoring reviews of local workforce investment areas, subrecipients and contractors. The state's monitoring system ensures that program policies and outcomes meet the objectives and regulations of WIA, and determines if compliance with WIA requirements has been demonstrated. The on-site monitoring also allows for determination as to whether a local workforce investment area is making acceptable progress in addressing any deficiencies, and to ensure compliance with the nondiscrimination and equal opportunity requirements of the WIA. The monitoring review also addresses the local area's compliance with the Department of Labor's (DOL) uniform administrative requirements.

Staff from CCWD conducted its review of Region 9 at Mid-Columbia Council of Governments (MCCOG) office in The Dalles, OR November 13 - 15, 2012. The CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance (TOC/OWA) Program Year 2012 monitoring being conducted by Monty Johnson and Jackie Cray during the joint TOC/OWA and CCWD onsite visit. Mark Neeley, and Michael McCoy represented CCWD.

This report cites the results of our tests of compliance and review of policies and processes, and includes, defined as:

- *Observations: In the course of the review, the audit team discovered areas that raised some measure of concern. Such concerns may be easily alleviated, and the audit team made every effort to discuss solutions with the appropriate staff to minimize concern.*
- *Findings: Findings are items or issues that are of significant concern or that indicate the violation of a guiding principle, regulation or rule. The monitoring team requested additional information beyond the initial review questions to determine whether the issue discovered was an abnormality of the review process or a valid violation.*

This report cites one finding and no observations.

Payroll Allocation Finding:

For the pay period ending March 15, 2012, an error in the allocation of personal services gross payroll to the various departments/grant programs was discovered on an employee selected for the payroll sample. As a result of this error, staff reviewed other employees who charged time to similar departments/grant programs for this pay period. This disclosed that three additional employees had similar payroll allocation errors. Because the input of staff hours worked in the various departments/grant programs into the accounting system to allocate the gross payroll to the programs is a manual process, errors can occur. Staff will

recalculate the amount that should be allocated to the departments/grant programs for the March 15, 2012 payroll period and record the adjustment in the accounting records in the November 2012 pay period. Because the input of the hours worked by program into the accounting system to calculate the amount of gross pay allocated to the various funding grants is a manual process, it is recommended that the Finance Director review the labor distribution reports to determine that the hours input by program agree to the report of individual hours worked by program generated from the employee time sheets.

Resolution:

Management has recalculated the labor distribution for the affected employees and they have recorded the adjustments in the accounting records. In addition, the payroll procedures manual has been updated to provide for additional review procedures to verify the accuracy of the labor distribution.

During CCWD's visit, six youth program participant files and twelve non-youth participant files (made up of adult, dislocated worker, and SESP participants) were tested, and all included appropriate eligibility documents and plan information.

The fiscal components of the review guide provided information and details which confirm that the fiscal system of expenditure authorization and record keeping is sufficient to provide reasonable accounting control over assets, liabilities, revenues, and expenditures in connection with those funds. Staff studied samples of payroll and cash disbursements, training, supportive services, incentives, OJT and work experience, tested cost allocation plans, cash draws, cash account reconciliations, program income, the 30% level requirement for Out-of-School Youth expenditures, and examined non expendable property inventory listings.

The Oregon Consortium/Oregon Workforce Alliance and MCCOG will have seven (7) days from the date of the final report to prepare and submit a formal appeal to any finding. The appeal will be directed to the Deputy Commissioner, who will make the final decision.

Draft report: November 15, 2012

Response to draft: December 17, 2012

Final report: July 23, 2013

Final appeal: : July 30, 2013

Deputy Commissioner's decision:

***FINAL* Monitoring Review Report**

Program Year 2012 (*July 1, 2012 – June 30, 2013*)

Region 13 & 14

To satisfy requirements for oversight and monitoring of Workforce Investment Act (WIA) Title I funds, the State of Oregon's Department of Community Colleges and Workforce Development's (CCWD) monitoring plan provides for on-site monitoring reviews of local workforce investment areas, subrecipients and contractors. The state's monitoring system ensures that program policies and outcomes meet the objectives and regulations of WIA, and determines if compliance with WIA requirements has been demonstrated. The on-site monitoring also allows for determination as to whether a local workforce investment area is making acceptable progress in addressing any deficiencies, and to ensure compliance with the nondiscrimination and equal opportunity requirements of the WIA. The monitoring review also addresses the local area's compliance with the Department of Labor's (DOL) uniform administrative requirements.

Staff from CCWD conducted its review of Region 13 & 14 at Training & Employment Consortium. (TEC)'s office in La Grande, OR October 8-12, 2012. The CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance (TOC/OWA) Program Year 2012 monitoring being conducted by Monty Johnson and Jackie Cray during the joint TOC/OWA and CCWD onsite visit. Mark Neeley, Todd Nell and Michael McCoy represented CCWD.

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- *Findings: Findings are items or issues that are of significant concern or that indicate the violation of a guiding principle, regulation or rule. The monitoring team requested additional information beyond the initial review questions to determine whether the issue discovered was an abnormality of the review process or a valid violation.*

This report cites no observations and no findings.

During CCWD's visit, four youth program participant files and eight non-youth participant files (made up of adult, dislocated workers and SESP participants) were tested, and all included appropriate eligibility documents and plan information.

The fiscal components of the review guide provided information and details which confirm that the fiscal system of expenditure authorization and record keeping is sufficient to provide reasonable accounting control over assets, liabilities, revenues, and expenditures in connection with those funds. Staff studied samples of payroll and cash disbursements, training, supportive services, incentives, OJT and work experience, tested cost allocation plans, cash draws, and cash account reconciliations, and examined inventory listings.

Draft report: October 10, 2012

Response to draft: November 9, 2012

Final report: July 23, 2013

Final appeal: N/A

Deputy Commissioner's decision: N/A