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June 10, 2014

Julie Hugo, Chair
Region 15 Workforce Investment Board
c/o Workforce Investment Council of Clackamas County
365 Warner Milne Road, Suite 202
Oregon City, Oregon 97045

Dear Ms. Hugo,

The final monitoring report for Program Years 2013 Workforce Investment Act Title I-B services in Region 15 is attached.

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

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 2013 (*July 1, 2013 – June 30, 2014*) Region 15

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, sub recipients 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 15 at the Workforce Investment Council of Clackamas County (WICCO) office located in Oregon City, Oregon on January 21 through January 23, 2014. CCWD staff relied on work, responses, documentation and other information provided during the Program Year 2013 monitoring visit which was conducted onsite by Mark Neeley, Debra Welter, Rachel Soto, Linda Sozzi, 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 observations and one finding.

Finding:

We noted two transactions that do not completely comply with federal cost principles. Both of these transactions involve food/meeting costs. The first expenditure was for food for a board meeting. This expenditure requires additional documentation of an agenda to be complete. The invoice does list the number of people and breaks out the charges so we can review for reasonableness.

The second expenditure is for a networking event at the Highcliff Pub. Additional documentation was obtained that helped us determine the charge was allowable.

Federal cost principles in Circular A-87 require that Public Relation costs be specific to activities or accomplishments directly relating to the federal grant programs. These types of costs designed solely to promote the governmental unit are unallowable. It appears from the obtained agenda that 30 minutes of the two hour event was for presentation from five various entities regarding their work surrounding workforce development and economic development. The entire event costs of \$486.90 were charged to DOL Adult, DLW, and Admin. After reducing this amount by the \$68 specifically disallowed, as discussed below, there remains a balance of \$418.90. Cost allocation must be considered for any charges to the DOL-ETA grant. There were four other entities that spoke at the event. The grant should only be charged its proportionate share that is reasonable. CCWD recommends that WIC either obtain documentation that shows the other four entities solely talked about programs of WIA grant or it should move the proportion of charges that were non-WIA to another funding source. In addition, one charge was for a no-host bar set-up fee and the related 18% gratuity. These charges are unallowable. Federal cost principles do not allow alcohol to be purchased with federal money and they do not allow federal funds to be used to set-up a system that allows alcohol to be purchased, even if the alcohol itself is purchased privately. CCWD recommends that the related cost expenditure of \$68 ($\$100 + \$18 = \$118 - \50 (Discount given by Vendor) = \$68 be moved to non-federal funds.

CCWD also recommends that in the future, WICCO thoroughly document any networking or outreach activities to show how the activities are either specifically required by the grant or are communication with the public specifically regarding the activities/programs of the grant. Any materials for the outreach must acknowledge the Federal funding source.

CCWD also recommends for any food costs that WICCO consider and document the following:

- That technical information is exchanged and includes supporting documents such as an agenda that substantiates this.
- Frequency: Does the frequency of food expenditures pass the prudent person test?
- Reasonableness: Is the food purchased extravagant or very modest for the geographic area? This is where a sign in sheet will help as a \$400 food charge for 50 people is very different than a \$400 food charge for 10 people.
- Extenuating circumstances: Is there a rationale that demonstrates that providing food is justifiable given the circumstances? For example food provided to compensate folks for a dinner time meeting after they have completed their other day jobs and travel to the meeting site or food provided for a lunch when there are a large number of guests and not reasonable expectation that they could all break for lunch and get back within an hour.

Resolution:

WICCO supplied CCWD with additional documentation for food purchased for the board meeting. This documentation included meeting minutes that denoted who attended the meeting; members absent; and other persons in attendance. The time of the meeting was from 7:30 AM to 9:30 AM which supported the continental breakfast meal purchased.

For the networking event at the Highcliff Pub, WICCO transferred the \$68 charge for the no-host bar from WIA grant funds to their Unrestricted General Funds. For the remaining \$418.90 in expenditures for this event, we were unable to conclude with the relevant documentation available whether the entire \$418.90 charge benefitted WIA programs as the cost principles require. However, we have allowed as an allowable cost the portion of the time that Kim Parker, Executive Director of WICCO, presented as part of the total of five people who presented. This allowable amount is \$83.78 ($\$418.90/5$ persons). Therefore, we are disallowing the remaining \$335.12 in charges which needs to be transferred from WIA grant funds to Unrestricted General Funds.

During CCWD's visit, ten youth program participant files and ten non-youth participant files (made up of adult and dislocated worker 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, WIA OJT, BTWO 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 the non - expendable property inventory listing.

WICCO will have seven (7) days from the date of the final report to prepare and submit a formal appeal to any findings. The appeal will be directed to the Deputy Commissioner, who will make the final decision.

Draft report: January 23, 2014
Response to draft: April 25, 2014.
Final report: June 10, 2014
Final appeal: June 17, 2014
Deputy Commissioner's decision: