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May 16, 2012

Scott Koch, Chair
Oregon Workforce Alliance
c/o TOC/OWA
260 Ferry St. SW, Suite 202
Albany, Oregon 97321-2269

Dear Mr. Koch,

Attached please find the final monitoring reports for Workforce Investment Act Title 1B services provided in the TOC/OWA regions during Program Years 2010 and 2011.

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 staff have any questions, please contact me at 503.947.2433 or Karen Humelbaugh at 503.947.2404.

Sincerely,

Camille Preus
Commissioner

Enclosures



FINAL Monitoring Review Report

Program Year 2010 (July 1, 2010 – June 30, 2011)

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 program review of Region 1 at Management & Training Corp's (MTC) office in Astoria, OR February 7-8, 2011 and its fiscal review of Region 1 at MTC June 8 – 10, 2011.

For the February visit CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance joint Program Year 2010 monitoring being conducted by Jackie Cray and Monty Johnson (TOC/OWA staff) and Michael McCoy (CCWD staff).

For the June visit CCWD relied on MTC's responses to CCWD fiscal portion and material provide with the monitoring guide during CCWD's fiscal review being conducted by Mark Neeley.

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 February visit, eleven youth program participant files and twenty-two NEG participant files were tested, and all included appropriate eligibility documents and plan information. The reviewers noted no concerns or issues.

During CCWD's June visit 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 expenses in connection with those funds. The review also included tests to ensure that 30% of expenditures were made on behalf of out-of-school youth. 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. In addition, the June 30, 2010 A-133 audit report was reviewed for indication of federal grant questioned costs/internal control deficiencies.

The Oregon Consortium/Oregon Workforce Alliance and MTC will have ten (10) business 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 Commissioner, who will make the final decision.

Draft report:	July 7, 2011
Response to draft:	August 6, 2011
Final report:	May 16, 2012
Final appeal:	May 30, 2012
Commissioner's decision:	

FINAL Monitoring Review Report

Program Year 2010 & 2011 (July 1, 2010 – June 30, 2012)

Region 6

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 6 at Umpqua Training & Employment Inc. (UT&E)'s office in Roseburg, OR January 9-11, 2012. The CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance Program Year 2011 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 one observation.

Contract Management Finding:

Procurement practices need to be strengthened to better adhere to DOL and CCWD procurement policies and procedures. In the sample of expenditures, we noted payment documentation required to be submitted along with the monthly invoice in the following contract was not available:

Payment to Umpqua Community College (contract number 07-101-10, "Basic Education Skills") to reimburse the college for staff instructor personal services costs to instruct participants to allow them to attain the GED certificate requires, under section 1.2.3 that, "All billings must include signed and approved timecards showing by day the actual hours worked." This documentation is not submitted with the invoices. Upon further inquiry with the college, it was

discovered that full time faculty do not fill out daily timecards. Alternative documentation was received from the college in the form of a general ledger expenditure report that showed the detail contract expenditures paid by the college which agreed to the amount billed.

It is recommended that this contract be amended to revise section 1.2.3 to require a general ledger expenditure report of instructor personal services expenditures plus additional expenditures incurred, if any, be submitted along with the invoice instead of the timecard language currently in the contract.

Resolution:

The agreement between UT&E and Umpqua Community College was amended to require the college to submit a general ledger expenditure report to UT&E when billing for services under the contract.

Observation:

UT&E's cost allocation plan needs to be updated to break out the description and allocation basis of the "Core Cost Pool" into the two sub pools currently being used. These are the "Welcome Pool" and the "Job Search Pool". The description of these two pools should include the allocation base used for each pool. Further, the flowchart in Attachment A to the policy also needs to be updated to include these two indirect cost pools in the flow of costs through the accounting system. After completion, the revised plan should be sent to The Oregon Consortium/ Oregon Workforce Alliance for review and approval.

Resolution:

UT&E updated their cost allocation plan, including Attachment A, to include a description of the "Welcome Pool" and the "Job Search Pool." The revised plan was approved by The Oregon Consortium/ Oregon Workforce Alliance.

During CCWD's visit, four youth program participant files and sixteen non-youth participant files (made up of adult, NEG, & 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.

The Oregon Consortium/Oregon Workforce Alliance and UT&E will have ten (10) business 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 Commissioner, who will make the final decision.

Draft report: January 11, 2012
Response to draft: February 10, 2012
Final report: May 16, 2012
Final appeal: May 30, 2012
Commissioner's decision:

FINAL Monitoring Review Report

Program Year 2010 (July 1, 2010 – June 30, 2011)

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 program review of Region 7 South Coast Business Employment's (SCBEC) office in Coos Bay, OR March 2-3, 2011 and its fiscal review of Region 7 at SCBEC's office in Coos Bay, OR June 28 – 30, 2011.

For the February visit CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance joint Program Year 2010 monitoring being conducted by Jackie Cray and Monty Johnson (TOC/OWA staff) and Michael McCoy (CCWD staff).

For the June-July visit CCWD relied on SCBEC's responses and provided material to CCWD fiscal portion of their monitoring guide during CCWD's fiscal review that was conducted by Mark Neeley.

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 February visit, eight youth program participant files and seventeen participant files (4 adults, 4 dislocated workers, 3 SESP/adults (duel enrolled), & 6 National Emergency Grant individuals) were tested. All of the participant files included appropriate eligibility documents and plan information. The reviewers noted no concerns or issues.

During CCWD's June visit the fiscal components of the review guide provided information and details which confirm that the fiscal system of expenditure authorization and record keeping were sufficient to provide reasonable accounting control over assets, liabilities, revenues, and expenses in connection with those funds. The review also included tests to ensure that 30% of expenditures were made on behalf of out-of-school youth. 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.

In addition, the June 30, 2010 A-133 audit report was reviewed for indication of federal grant questioned costs/internal control deficiencies.

The Oregon Consortium/Oregon Workforce Alliance and SCEBC will have ten (10) business 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 Commissioner, who will make the final decision.

Draft report:	July 7, 2011
Response to draft:	August 6, 2011
Final report:	May 16, 2012
Final appeal:	May 30, 2012
Commissioner's decision:	

FINAL Monitoring Review Report

Program Year 2010 (July 1, 2010 – June 30, 2011)

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 program review of Region 9 Mid-Columbia Council of Governments' (MCCOG) office in The Dalles, OR March 28-29, 2011 and its fiscal review of Region 9 at MCCOG May 25-27, 2011.

For the March visit CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance joint Program Year 2010 monitoring being conducted by Jackie Cray and Monty Johnson (TOC/OWA staff) and Michael McCoy (CCWD staff).

For the May visit CCWD relied on MCCOG's responses to CCWD fiscal portion and material provide with the monitoring guide during CCWD's fiscal review being conducted by Mark Neeley.

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 March visit, seven youth program participant files and sixteen Adult, Dislocated Worker, NEG participant files were tested, and all included appropriate eligibility documents and plan information. The reviewers noted no concerns or issues.

During CCWD's May visit 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 expenses in connection with those funds. The review also included tests to ensure that 30% of expenditures were made on behalf of out-of-school youth. 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.

In addition, the June 30, 2010 A-133 audit report was reviewed for indication of federal grant questioned costs/internal control deficiencies.

The Oregon Consortium/Oregon Workforce Alliance and MCCOG will have ten (10) business 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 Commissioner, who will make the final decision.

Draft report:	July 7, 2011
Response to draft:	August 6, 2011
Final report:	May 16, 2012
Final appeal:	May 30, 2012
Commissioner's decision:	

FINAL Monitoring Review Report

Program Year 2010 & 2011 (July 1, 2010 – June 30, 2012)

Region 10 & 11

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 10 & 11 at Central Oregon Intergovernmental Council (COIC)'s office in Bend, OR November 6-9, 2011. The CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance Program Year 2011 monitoring being conducted by Melissa Metz, 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 one observation.

Contract Management Finding:

Procurement practices need to be strengthened to better adhere to DOL and CCWD procurement policies and procedures. In the sample of expenditures two errors were noted relating to contract procurement. These were:

- Payment for monthly legal services which are based upon hours worked by staff attorneys at various hourly charge rates was not supported by a signed agreement between COIC and the legal firm, which should include the scope of services to be performed, contract beginning and end dates, and hourly charge rates by level of attorney.

- Payment to Staffing Partners Inc. to reimburse them for payment of salaries and wages to summer youth participants, including other reimbursable charges, was not supported by a signed agreement specifying hourly rates of pay for each participant and the approved reimbursement rate per youth participant to be paid to Staffing Partners Inc.

It is recommended that all contract payments be supported by a signed agreement that specifies the terms of the relationship including, scope of services, payment terms, and contract beginning and end dates. These agreements should be amended as needed when terms of the original contract change.

Resolution:

COIC has resolved these two findings. They have entered into an agreement with their legal counsel that documents the scope of work and hourly billing rates of attorneys' who charge their time to COIC. A written quote from Staffing Partners to COIC documents their hourly charge rate to COIC for summer youth participant personal services and related payroll processing costs.

Observation

COIC's cost allocation plan needs to be updated to include recovery of depreciation charges as an indirect cost on the portion of the Hawthorne Avenue building, excluding the value of the land, relating to WIA administration.

Resolution:

COIC has updated their cost allocation plan to include recovery of depreciation charges on the portion of the Hawthorne Avenue building, excluding the cost of land, relating to WIA administration. The revised plan was approved by The Oregon Consortium/ Oregon Workforce Alliance.

During CCWD's visit, eight youth program participant files and twenty-three non-youth participant files (made up of adult, dislocated worker, NEG, & 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.

The Oregon Consortium/Oregon Workforce Alliance and COIC will have ten (10) business 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 Commissioner, who will make the final decision.

Draft report:	November 10, 2011
Response to draft:	December 10, 2011
Final report:	May 16, 2012
Final appeal:	May 30, 2012
Commissioner's decision:	

FINAL Monitoring Review Report

Program Year 2010 & 2011 (July 1, 2010 – June 30, 2012)

Region 12

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 12 at Community Action Program East Central Oregon (CAPECO) office in Pendleton, OR October 10-13 2011.

For the visit CCWD relied on work, responses and other information provided during The Oregon Consortium/Oregon Workforce Alliance joint monitoring being conducted by Melissa Metz, Jackie Cray, Monty Johnson (TOC/OWA staff), Mark Neeley and Michael McCoy (CCWD staff).

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 or observations.

During CCWD's visit, five youth program participant files and fourteen non-youth participant files (made up of adult, dislocated worker, NEG, & 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 expenses in connection with those funds. The review also included tests to ensure that 30% of expenditures were made on behalf of out-of-school youth. 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.

The Oregon Consortium/Oregon Workforce Alliance and CAPECO will have ten (10) business 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 Commissioner, who will make the final decision.

Draft report:	October 13, 2011
Response to draft:	November 13, 2011
Final report:	May 16, 2012
Final appeal:	May 30, 2012
Commissioner's decision:	

FINAL Monitoring Review Report Program Year 2010 & 2011 (*July 1, 2010 – June 30, 2012*) 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 (TOC/OWA) administrative office in Albany, OR February 6 – 8, 2012. The team relied on responses and other information provided for Program Year 2010 and 2011. The review team members included Mark Neeley, Todd Nell 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 or observations.

CCWD reviewed applicable aspects of TOC/OWA's administrative and program systems for compliance with regulatory requirements. The review results 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, tested cost allocation plans, cash draws, cash account reconciliations, program income, quarterly reports, Youth Out-of-

School expenditure levels, SESP leveraged amount levels, and examined the federal property inventory listing.

Draft report: February 8, 2012

Response to draft: March 7, 2012

Final report: May 16, 2012

Final appeal: May 25, 2012

Commissioner's decision:
