



Audit of the District's Workforce Development Programs

February 22, 2013

A Report by the Office of the D.C. Auditor
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Acknowledgements

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Summary

The Office of the District of Columbia Auditor (Auditor) has completed the audit of the District's One-Stop (currently known as American Job Centers) and Transitional Employment Workforce Development Adult Programs.

The objectives of the audit were to determine whether the Department of Employment Services (DOES):

- **Complied with applicable federal and District Workforce Development Program requirements; and**
- **Developed and implemented sufficient internal controls to provide efficient and effective management and oversight over the District's One-Stop and Transitional Employment Workforce Development Adult Programs.**

The Auditor identified 8 findings and directed 18 recommendations to the Director of DOES and/or the Deputy Mayor for Planning and Economic Development to correct the deficiencies we observed during our audit.

Findings and Recommendation Summary

The Auditor identified the following eight findings:

1. Department of Employment Services (DOES) failed to achieve federal performance goals and, consequently, the District lost the opportunity to receive \$3.75 million to \$15 million in Workforce Investment Act Incentive Funds.
2. The District did not have an effective Workforce Investment Council (WIC) as required by the Workforce Investment Act.
3. DOES Memorandum of Understanding (MOU) did not include performance standards that allowed the District to measure the effectiveness of the WIC and monitor how the Office of the Deputy Mayor for Planning and Economic Development (DMPED) allocated funds to support the WIC.
4. The Youth Council was inactive.
5. The District lacked a certification process for One-Stop Career Centers.
6. DOES did not consistently capture data that allowed the District to assess program performance.
7. DOES failed to effectively manage Workforce Development Programs.
8. DOES did not implement adequate internal controls over Workforce Development Program operations and administrative processes.

To correct the deficiencies identified during the audit, the Auditor directed the 18 recommendations listed below to the Director of Employment Services and/or the Deputy Mayor for Planning and Economic Development.

1. Develop a corrective action plan to ensure that DOES achieves the annual cluster performance scores.
2. Ensure that the WIC develop formal policies and procedures that detail monitoring and reporting functions. At a minimum, these policies and procedures should include provisions that:
 - a) Define the WIC's role, duties and functions in providing oversight of the District's Workforce Development Programs;
 - b) Provide for regular board meetings;
 - c) Provide for the development and implementation of workforce performance expectations, standards and measures; and
 - d) Require that the WIC provide the Mayor an annual report on the accomplishments of training and employment-related activities within the District.
3. Require the WIC to develop an annual fiscal budget that provides for the anticipated fiscal year expenditures.
4. Direct the DOES and DMPED to modify the MOU to include a detailed WIC scope of work, budget and WIC performance expectations, standards and measures.
5. Require the WIC to appoint a Youth Council, as required by § 117(h)(1) of the Workforce Investment Act.
6. Require the WIC to develop formal policies and procedures detailing how the WIC will monitor and report on Youth Council functions and activities.
7. As required by WIA, § 117(h)(4), require that the Youth Council develop formal policies and procedures that detail their role, duties and functions in providing oversight of District's youth activities.
8. Take steps to ensure that One-Stop Career Centers are properly certified. Additionally, policies and procedures should be established and implemented to monitor compliance with One-Stop Center certification requirements.

9. Identify performance measures for Workforce Development Programs, sources of data and data requirements that will allow DOES to report on locally and federally funded Workforce Development Program performance measure.
10. Implement a quality control system to monitor and ensure that data entry personnel enter workforce performance data in the DOES Management Investment System.
11. Develop a workforce development reporting system that will allow DOES to generate reports that detail Workforce Development Program performance. At a minimum, the reporting system should be capable of producing reports that provide:
 - The total number of participants enrolled within each individual training and employment program;
 - The total number of participants that dropped out of each individual training and employment program;
 - The total number of jobs obtained once the training or employment program was completed;
 - The total number of jobs within a particular labor force market;
 - Whether the participant's employment skill set increased or improved;
 - The total amount of wage gain;
 - The total number of participants placed in subsidized and unsubsidized employment;
 - The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training;
 - The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training and retained that job for 6 and 12 months; and
 - The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training that pays a wage equal to or higher than the District living wage rate.

12. Develop a formal system to review and update One- Stop Career Operations policies and procedures periodically. This would ensure the policies and procedures are current, complete and accurately comply with federal and District laws and regulations. This system should include formal verification that all DOES staff receive updated copies of the policies and procedures.
13. Develop a formal assessment process which adequately documents and identifies One-Stop Center participants' current circumstances, skills and service needs.
14. Perform periodic reconciliation and verification between The Virtual One-Stop System (VOS) and the hard copy files to ensure the information recorded within VOS is consistent, accurate and complete. This would also ensure errors are detected and corrected in a timely manner and that DOES staff are held accountable for their daily work performance.
15. Ensure that DOES staff enter into VOS the employment status of Workforce Development Program participants upon completion of any employment training.
16. Develop a formal job description for the Program Analyst position that details the operational duties, responsibilities and functions of the position.
17. Develop and customize a training manual for DOES program staff, by position.
18. Develop and implement a VOS standard operating procedures manual.

Introduction

The Office of the District of Columbia Auditor (ODCA) has completed an audit of the District's Workforce Development Programs. This audit was conducted at the request of the former Council Chairman, Kwame Brown, former Councilmember Michael Brown and Councilmember Vincent Orange.

Objectives, Scope, and Methodology

Audit Objectives

The objectives of the audit were to determine whether the Department of Employment Services (DOES):

- Complied with applicable federal and District Workforce Development Program requirements; and
- Developed and implemented sufficient internal controls to provide efficient and effective management and oversight over the District's One-Stop and Transitional Employment Workforce Development Adult Programs.

Audit Scope

The audit period covered Fiscal Year (FY) 2009, FY 2010 and FY 2011 (October 1, 2008 through September 30, 2011).

Methodology

To accomplish our audit objectives, we reviewed: (1) applicable District and federal laws and regulations; (2) reports issued by the Department of Labor, Brookings Institution and the D.C. Jobs Council; (3) relevant DOES financial information and program documentation; (4) DOES Virtual One-Stop System (VOS) operations and records; (5) state Workforce Development Programs; and (6) the meeting minutes and policies of the District's Workforce Investment Council (WIC).

Additionally, we conducted interviews with relevant management and staff of: the DOES Workforce Development Unit, the Office of the Chief Financial Officer, the Department

of Human Services; the federal Department of Labor; and the District WIC.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Workforce Investment Act of 1998

The Workforce Investment Act of 1998 (WIA) mandates that statewide and local organizations offer a comprehensive range of workforce development activities.¹ The purpose of the WIA is to increase the employment, retention and earnings of program participants; in addition to, providing occupational skills training. The goals of the WIA are to improve workforce quality, reduce welfare dependency and enhance the productivity and competitiveness of the nation.

Workforce Development Defined

Workforce development includes employment services offered by agencies and through government programs. The District offers more than 30 programs and services across numerous city agencies. The Workforce Development Programs are intended to help eligible District residents prepare for employment. The services offered by the District include: literacy and adult education, job readiness training, occupational skills training, subsidized on-the-job training, and assistance for employers hiring workforce development participants.

Department of Employment Services (DOES)

The mission of the DOES is to plan, develop and administer employment-related services to all segments of the District's population. The DOES Workforce Bureau provides job seekers with workforce development training and work programs that are intended to create pathways to job readiness, a new job or new educational opportunities. Specifically, the DOES Workforce Bureau is responsible for:

¹ 29 USC §2801 et seq., (1998)

- Providing District youth with job training, academic enrichment, leadership, and employment opportunities; and
- Offering services to ensure that employers have access to qualified job candidates as well as general employment support services.²

The DOES also provides basic income support services to unemployed or underemployed persons who have lost their jobs through no fault of their own.³

DOES Workforce Development Program Funding

DOES Workforce Development Programs are funded through a combination of federal grants and District appropriations. For the period of Fiscal Year (FY) 2009 through FY 2011, the DOES Workforce Bureau obtained a total of \$238,874,910 to operate eight different Workforce Development Programs or activities. Figure 1 presents the total amount of funding allocated to each of the eight Workforce Development Programs or activities.

Figure 1

Funding for DOES Workforce Development Programs and Activities by Fiscal Year

	FY 2009	FY 2010	FY 2011	Grand Total
Senior Services	\$ 591,186	\$ 1,433,464	\$ 975,835	\$ 3,000,485
Office of Apprenticeship Information & Training	\$ 1,149,08	\$ 873,007	\$ 753,951	\$ 2,776,045
Transitional Employment Program/Project Empowerment	\$ 13,210,84	\$ 10,436,68	\$ 15,008,48	\$ 38,656,010
One-Stop Operations	\$ 4,866,39	\$ 13,651,72	\$ 7,209,587	\$ 25,727,708
Office of Youth Programs	\$ 57,249,83	\$ 46,585,04	\$ 25,030,38	\$ 128,865,26
Office of Employer Services	\$ 1,759,50	\$ 4,532,065	\$ 3,888,780	\$ 10,180,346
Office of Labor Market Information	\$ 770,344	\$ 1,084,797	\$ 1,514,736	\$ 3,369,877
Office of Program Performance Monitoring	\$ 5,891,84	\$ 10,963,62	\$ 9,443,702	\$ 26,299,173
TOTALS	\$85,489,04	\$ 89,560,41	\$ 63,825,45	\$ 238,874,91

Source: DOES Workforce Development Program Funding Report

² *Ibid.*

³ FY 2012 Proposed Budget and Financial Plan: Volume 2 Agency Budget Chapter by the Government of the District of Columbia, page B-69.

During FY 2010 and FY 2011, some of the DOES Workforce Development Programs were funded through the American Recovery and Reinvestment Act (federal stimulus). Appendix I of this report presents the total amount of federal grants, federal stimulus and District appropriations DOES received and allocated to the various Workforce Development Programs or activities.

The District of Columbia Workforce Investment Council

To implement Section 117(a) of WIA, the Mayor issued Mayor's Order 99-85 (Mayor's Order). The Mayor's Order established the District of Columbia Workforce Investment Council (WIC). The WIC is a public-private partnership group that was empowered to advise the Mayor and District government on the: (1) development, implementation and continuous improvement of an integrated and effective workforce investment system; (2) enhancement of accountability and performance systems; (3) encouragement of private sector participation; and (4) engendering of public input and support.

The Youth Council

Title I of the WIA authorized services for youth, adults and terminated or laid-off workers. Eligible youth are required to be 14 to 21 years of age, low income and meet at least one of six specific barriers to employment.⁴ Eligible adults are required to be age 18 or older.⁵

Both the WIC and the Youth Council are charged with overseeing Workforce Development policy and programs.

Department of Labor Review

In January of 2012, the Department of Labor (DOL) issued a High Risk letter admonishing DOES. Specifically, DOL noted that "DOES continues to be out of compliance with several key areas of WIA. These non-compliance issues date from a 2009 comprehensive review conducted by the Employment and Training Administration's Regional Office." Furthermore, DOL stated that "the District has not taken necessary and sufficient actions to resolve financial and programmatic issues." Though

⁴ Title I of WIA list these specific barriers as (a) deficient in basic literacy skills, (b) a school dropout, (c) homeless, a runaway, or a foster child, (d) pregnant or a parent, (e) an offender, or (f) an individual who requires additional assistance to complete an educational program, or to secure and hold employment. 29 USC §2801(13)(C)(1998)

⁵ Generally the WIA defines eligible youth as 18 years or older, which is sufficient for the objective of this audit. However, certain exceptions to this definition do exist. Specifically, see Sections 127 and 132 of the WIA for a detailed description of these exceptions.

DOL acknowledged that the District implemented some corrective measures, DOL indicated that the failure of DOES to resolve noncompliance issues could result in sanctions. DOL was unable to provide the Auditor with the estimated cost associated with the noncompliance sanctions.

Findings and Recommendations

1. DOES failed to achieve federal performance goals and, consequently, the District lost the opportunity to receive between \$3.75 million and \$25 million in Workforce Investment Act Incentive Funds

The Department of Labor (DOL) awards incentive grants to individual states that meet specific performance goals. The WIA, § 503 (c)(1)(a) provides that "a grant provided to a State under subsection (a) shall be awarded an amount that is not less than \$750,000 and not more than \$3,000,000."⁶

In November 2009, the DOL's Employment and Training Administration (ETA) conducted a review of the District's Workforce Development Programs. The purpose of the DOL's ETA review was to determine whether the District complied with applicable federal laws and DOES requirements and whether the District's Workforce Development Programs and services met DOL performance goals for program years 2006 through 2008.⁷

The DOL's Final Monitoring Report, issued February 20, 2009, provided that based on their review of DOES, the agency did not qualify for an incentive award for program year 2007. Further, DOL representatives informed us that DOES did not qualify for any DOL incentive grants from 2007 through June 30, 2011.

DOL ETA officials stated that DOES did not qualify for any annual incentive grants because DOES had failed to achieve the required annual cluster performance scores. Annual cluster performance scores are performance goals or metrics developed by DOL and DOES. The DOL used the annual cluster performance scores to evaluate and determine whether DOES's Workforce Development Programs met established goals.

⁶ 29 USC §2801 et seq., (1998) "Title V of WIA Section 503 is entitled Incentive Grants."

⁷ The DOL's program years are from July through June.

DOES failed to meet performance goals for program years 2007 through 2011. As a result, DOL did not award incentive grants to the District. Since incentive grants were not awarded, the District lost the opportunity to receive between \$3,750,000 to \$15,000,000 in annual incentive grant funds. Figure 2 presents, by program year, the range of potential annual incentive grant funds that DOES lost the opportunity to receive.

Figure 2

Range of the Total Potential WIA Grant Incentive Funds By Fiscal Year

Program Year	Time Period	Minimum Amount of the WIA Grant Incentive	Maximum Amount of the WIA Grant Incentive
2007	July 1, 2006-June 30, 2007	\$750,000	\$3,000,000
2008	July 1, 2007-June 30, 2008	\$750,000	\$3,000,000
2009	July 1, 2008-June 30, 2009	\$750,000	\$3,000,000
2010	July1, 2009- June 30, 2010	\$750,000	\$3,000,000
2011	July1, 2010- June 30, 2011	\$750,000	\$3,000,000
	Grant Totals	\$3,750,000	\$15,000,000

Recommendation:

We recommend that the Director of the Department of Employment Services (DOES):

- 1. Develop a corrective action plan to ensure that DOES achieves the annual cluster performance scores.**

2. The District did not have an effective Workforce Investment Council as required by the Workforce Investment Act.

Inactive Workforce Investment Council

According to the Mayor's Order 99-85, that established the District of Columbia Workforce Investment Council (WIC), the WIC was required to have no more than 39 members consisting of District government agency officials, representatives from private business, organized labor, youth and community groups, and representatives of organizations with workforce investment experience.

We found that the WIC board did not meet regularly. The WIC board held a total of eight board meetings during FY 2009 through FY 2010. Six board meetings were held in FY 2009 and two meetings were held in FY 2010. The WIC did not hold any meetings during FY 2011. Additionally, between February 4, 2009 and September 25, 2011, the WIC Executive Director position was vacant.

Further, in violation of the Mayor's Order, the WIC was missing a sufficient number of public and private representatives. The Mayor's Order required the WIC to have no more than 39 members; however, between FY 2009 and FY 2010 the WIC totaled seventeen members. Figure 3 presents the total number of WIC board members by Workforce Development sector from FY 2009 through FY 2010.

Figure 3

**Total Number of WIC Board Members
From FY 2009 through FY 2010**

Workforce Development Sector	Total Number of Required Members Per the Mayor's Order	Total Number of Members within WIC from 2009 through 2010
Elected Officials	3	2
District Agencies	No more than 7	4
Business Representatives	No more than 20	4
Organized Labor	2	1
Youth Representatives	2	1
Organization with Workforce Investment Experience	No more than 3	3
Community Representatives	No more than 3	2
Totals	No more than 39	17

Source: WIC Board Minutes for FY 2009 through FY 2010

WIC officials were unable to provide documentation that the WIC complied with the performance and monitoring requirements outlined in the WIA, § 117 (4)(d) and the Mayor's Order. As a result, there was no evidence that the WIC properly provided oversight over the District's Workforce Development Program.

Ineffective Workforce Investment Council

The WIA, § 117(4) (d) requires the WIC to perform such functions as: (1) developing the District's Strategic Workforce Investment Plans; (2) identifying eligible providers of workforce activities; (3) conducting oversight of local programs involving youth activities; (4) monitoring the delivery of One-Stop services; and (5) developing the WIC budget.

In addition to the functions mandated by the WIA, the Mayor's Order required the WIC to develop a comprehensive performance measurement system that the District could use to assess the effectiveness of workforce investment activities, and to conduct oversight of all workforce investment programs.

The District's Strategic Workforce Investment Plan (effective July 1, 2010 through June 30, 2012) provided that the WIC assisted DOES in developing the plan. Additionally, we found that a formal process for the selection of workforce development service providers was in place. However, we found no other evidence that an effective WIC existed during FY 2009, FY 2010 and FY 2011. The WIC officials were unable to provide any fiscal budgets or formal policies and procedures to validate compliance with the performance and monitoring requirements provided by the WIA Section 117 (4) (d) and the Mayor's Order. As such, we could not determine to what extent the WIC accomplished its responsibility of assuring adequate oversight of the District's Workforce Development Program for youth and adults.

Reports on the District's Ineffective WIC

The District's lack of an active and effective WIC was also noted by the Brookings Institution.⁸ In October 2011, the Brookings Institution, Metropolitan Policy Program released a report that provided:

The WIC's role is to help meet employer needs and prepare residents for available and projected jobs. Not surprisingly, the WIC has largely been dormant and ineffective, despite sporadic and vigorous efforts of past chairs and staff. It has not carried out its roles to guide policy and oversee performance related to education and training. It does not have a strongly engaged membership, especially from the private sector, since it is not clear what the WIC accomplishes. The WIC has not had a permanent executive director for several years.⁹

The D.C. Jobs Council Report entitled, "Recommendations to the Transition Committee of Mayor-Elect Gray," dated November 20, 2010, provides that "...D.C.'s WIC has been dormant and ineffective, accomplishing few of its functions." In response to recommendations made in the report, Mayor Gray restructured the WIC to operate independently from DOES and

⁸ The Brookings Institution is a nonprofit public policy organization based in Washington, D.C. One of Washington's oldest think tanks, Brookings conducts research and education in the social sciences, primarily in economics, metropolitan policy, governance, foreign policy, and global economy and development.

⁹ Metropolitan Policy Program at BROOKINGS report entitled "Strengthening Educational and Career Pathways for D.C. Youth", written by Martha Ross, dated October 2011, page 25.

report directly to the City Administrator.¹⁰ Pursuant to the Mayor's Order 2011-114, the Deputy Mayor's Office for Planning and Economic Development (DMPED), effective July 1, 2011, was responsible for management, oversight and staffing of the WIC. On September 26, 2011, DMPED appointed a WIC Executive Director.¹¹

¹⁰ D.C. Jobs Council report entitled "Recommendations to the Transition Committee of Mayor-Elect Gray", dated November 20, 2010, page 2 and 4.

¹¹ The Mayor's Order was effective for three months (July through September) during the scope of the audit.

3. DOES MOU did not include performance standards that allowed the District to measure the effectiveness of the WIC and monitor how the Office of the Deputy Mayor for Planning and Economic Development allocated funds to support WIC.

WIC Funding

On July 7, 2011, a Memorandum of Understanding (MOU) was executed between DOES and DMPED. The duration of the MOU was from June 2011 through September 2011. The MOU provided that under DMPED's administrative oversight, the WIC would perform and carry out workforce development activities. The MOU provided that the funding to DMPED was not to exceed \$150,000. DOES provided the funding to DMPED as monetary support to enable the WIC to accomplish its legislatively mandated requirements.

Based on the System of Accounting and Reporting records, we determined that DMPED did not expend any of the \$150,000 and refunded the \$150,000 back to DOES at the end of FY 2011.

Additionally, we found that the MOU did not include performance expectations and standards that the District could use to measure the effectiveness of the WIC and to monitor and account for how DMPED allocated funds supported the WIC. Specifically, the MOU did not:

1. Contain a detailed scope of work that corresponded with the WIC responsibilities as outlined in the WIA Section 117(4)(d);
2. Require DMPED to provide a budget detailing how the WIC would expend the \$150,000; and
3. Require the WIC to provide supporting documentation to DMPED to demonstrate how the WIC expended funds.

On October 13, 2011, DOES executed a second MOU with DMPED to support the WIC activities for FY 2012. The value of the MOU was not to exceed \$573,900. We determined that the same weaknesses we observed in the July 7, 2011, MOU, as noted above, existed in the October 13, 2011, MOU between DOES and DMPED. The deficiencies in the October 13, 2011, MOU prevented the District from measuring the effectiveness of the WIC and did not provide measures that promoted transparency and accountability of the \$573,900 provided to DMPED.

Recommendations:

We recommend that the Deputy Mayor's Office of Planning and Economic Development:

- 2. Ensure that the WIC develop formal policies and procedures that detail monitoring and reporting functions. At a minimum, these policies and procedures should include provisions that:**
 - a. Define the WIC's role, duties and functions in providing oversight of the District's Workforce Development Programs;**
 - b. Provide for regular board meetings;**
 - c. Provide for the development and implementation of workforce performance expectations, standards and measures; and**
 - d. Require that the WIC provide the Mayor an annual report on the accomplishments of training and employment related activities within the District.**
- 3. Require the WIC to develop an annual fiscal budget that provides for the anticipated fiscal year expenditures.**
- 4. Direct the DOES and DMPED to modify the MOU to include a detailed WIC scope of work, budget and WIC performance expectations, standards and measures.**

4. The Youth Code was Inactive.

Pursuant to the WIA, § 117(h) (4), the duties of the Youth Council included:

- Developing portions of the local plan related to eligible youth, as determined by the Chairperson of the local board;
- Recommending eligible youth service providers in accordance with WIA Section 123, subject to the approval of the local board;
- Conducting oversight with respect to the eligible providers of youth activities in the local area;
- coordinating youth activities in a local area; and
- Carrying out other duties, as authorized by the Chairperson of the local board.

Inactive Youth Council

According to WIC, June 23, 2010, meeting minutes, for the period FY 2009 through FY 2011, the Youth Council only met once on June 23, 2010.

Ineffective Youth Council

Neither the WIC nor DOES could provide evidence that the Youth Council performed the duties outlined in Section 117(h) (4) of the WIA. Based on the lack of evidence to support that the Youth Council effectively discharged their duties and responsibilities referenced in Section 117(h) (4) of the WIA we concluded that the Youth Council was not effective due to the fact that the Youth Council did not meet to conduct business.

DOL Correspondence on the District's Inactive and Ineffective Youth Council

On February 20, 2009, the DOL issued a Final Monitoring Report to the District and DOES that stated “the District of Columbia Coordinating Youth Council was inactive and missing required members” for program years 2006 through 2008. The DOL report also provided that the Youth Council had not met since May 2008.

In January of 2012, DOL issued a High Risk letter that provided that "DOES has failed to establish a Youth Council as required". At the time of the audit, DOES continued to be out of compliance with several key areas of WIA. These noncompliance issues date from a 2009 comprehensive review conducted by the Regional Office. According to DOL's High Risk letter, DOL may impose sanctions as a result of the failure of DOES to take corrective actions to address non-compliance issues.

The purpose of a Youth Council is to develop comprehensive and integrated strategies to help in-school youth prepare for successful entry into the workforce or continuance of education or training opportunities.¹² Since the District did not have an active Youth Council, the District and DOES lacked critical information to address the needs of District youth.

Recommendations:

We recommend that the Deputy Mayor's Office for Planning and Economic Development:

- 5. Require the WIC to appoint a Youth Council, as required by WIA, § 117(h)(1) of the WIA.**
- 6. Require the WIC to develop formal policies and procedures detailing how the WIC will monitor and report on Youth Council functions and activities.**
- 7. As required by WIA, § 117(h)(4), require that the Youth Council develop formal policies and procedures that detail their role, duties, and functions in providing oversight of District's youth activities.**

¹² The WIA Section 117(h)(1) provides that "[t]here shall be an established, as a subgroup within each local board, a youth council appointed by the local board in cooperation with the chief elected official for the local area." The Youth Council is responsible for developing comprehensive and integrated strategies to help in-school and out-of-school youth prepare for successful entry into the workforce or continuance of education or training opportunities.

5. The District lacked a certification process for One-Stop Career Centers.

The WIA, § 117 (d)(2)(A)(i) requires the WIC to designate or certify One-Stop operators.

The District's Strategic Workforce Investment Plan for July 1, 2007 through June 30, 2009, provides that "every two years the D.C. WIC initiates the certification process of the District's One-Stop Career Centers. The most recent certification process occurred in 2006." However, according to the DOL Final Monitoring Report, dated February 20, 2009, the District did not establish a One-Stop certification process. Additionally, the District could not provide evidence that One-Stop Career Centers had been certified since 2003.

The District's Strategic Workforce Investment Plan, for July 1, 2010 through June 30, 2012, provides that "all Career Centers, partners and training providers will be certified by the WIC, as part of a multi-pronged approach to strengthen the capacity of the District's workforce system. Staff will also receive national workforce development certification." Without a certification process, the District could not document that One-Stop Career Center operators were qualified and capable of delivering effective, competent training and employment guidance.

Recommendation:

We recommend that the Deputy Mayor's Office of Planning and Economic Development:

- 8. Take steps to ensure that One-Stop Career Centers are properly certified. Additionally, policies and procedures should be established and implemented to monitor compliance with One-Stop Center certification requirements.**

6. DOES did not consistently capture data that allowed the District to assess program performance.

Management Information System

The DOL defines a Management Information System (MIS) as a systematic, uniform method for collecting and reporting information about a particular program, event or activity. An organization's MIS is based on its unique needs, capabilities and resources. An MIS can generate several types of reports. An effective MIS provides clear, concise information about how a project is operating and whether the organization is making progress towards project goals and objectives.¹³

According to DOES, the Virtual One-Stop System (VOS) is DOES's MIS for managing Workforce Development Programs. Specifically, VOS is a comprehensive workforce development system that DOES utilizes to manage and administer: (1) One-Stop Career Centers, (2) Transitional Employment Program, (3) Special Programs, (4) the Veterans Program (5) participants training, and (6) employment services or programs.

Workforce Development Program Performance

DOES did not have a comprehensive MIS capable of producing a report that detailed program performance outcomes that allowed the District to assess Workforce Development Program performance. Specifically, VOS could not provide aggregate workforce development information on:

- The total number of participants enrolled within each individual training and employment program;
- The total number of participants that dropped out of each individual training and employment program;
- The total number of jobs obtained once the training or employment program was completed;
- The total number of jobs within a particular labor force market;
- How long the participant retained that labor market employment;
- Evidence that the participant's employment skill set has increase or improved; and

¹³ The United States Department of Labor handout entitled "Your Management Information Systems".

- The total amount of wage gain.

We observed that in some instances, VOS captured data that DOES could use to report on specific program objectives and performance. However, in many cases, DOES did not require or ensure that DOES program staff entered workforce development data into VOS. Additionally, DOES did not use VOS to capture and report on specific program objectives and performance. DOES representatives stated that VOS generated reports that met the DOL requirements.

Although, DOES complied with DOL's standard quarterly and annual Workforce Development reporting requirements; DOES did not capture the requisite data that allowed the District to assess and determine whether Workforce Development Programs met the needs of the employment job market or that the Workforce Development program operated effectively and efficiently.

To determine the effectiveness of Workforce Development Programs, DOES must capture relevant, accurate program data and develop reports that provide program performance indicators.¹⁴

A D.C. Jobs Council report, dated November 30, 2010, provides that:

It is essential that decisions regarding the effectiveness of Workforce Development activities be based on verifiable data. Such data must include performance and outcome measures that track the effectiveness of programs funded in part or fully with public dollars. Programs must be analyzed against standards of effectiveness that include aggregated and disaggregated data along a variety of indices, outcomes, and performance data, demographic information, and measures of success of various programs tied to self-sufficiency. Any data collection and analysis system must be transparent to city government and the general public and should not unnecessarily increase DOES staff workload.¹⁵

¹⁴ The Government Accountability Office (GAO) Standards for Internal Control in Federal Government, GAO/AIMD-00-21.3.1 (11/99) page 19, states "Pertinent information should be identified, captured, and distributed in a form and time frame that permits people to perform their duties efficiently."

¹⁵ DC Jobs Council report entitled "Recommendations to the Transition Committee of Mayor-Elect Gray" dated November 20, 2010, page 5.

The Performance Plan for DOES included in the Proposed Fiscal Year 2012 Budget and Financial Plan did not provide key Workforce Development performance data. Specifically, DOES did not report statistics on:

- The total number of participant's placed in subsidized and unsubsidized employment;
- The percentage of adult participant who have completed a workforce development training program and have successfully been placed in a job related to the training;
- The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training and retained that job for 6 and 12 months; and
- The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training that pays a wage equal to or higher than the District living wage rate.

Recommendations:

We recommend that the Director of the Department of Employment Services (DOES):

- 9. Identify performance measures for Workforce Development Programs, sources of data and data requirements that will allow DOES to report on locally and federally funded Workforce Development Program performance measure.**
- 10 Implement a quality control system to monitor and ensure that data entry personnel enter Workforce Development performance data in the DOES MIS.**
- 11 Develop a workforce development reporting system that will allow DOES to generate reports that detail Workforce Development Program performance. At a minimum, the reporting system should be capable of producing reports that provide:**
 - **The total number of participants enrolled within each individual training and employment program;**
 - **The total number of participants that dropped out of each individual training and employment program;**

- The total number of jobs obtained once the training or employment program was completed;
- The total number of jobs within a particular labor force market;
- Whether the participant's employment skill set increased or improved;
- The total amount of wage gain;
- The total number of participant's placed in subsidized and unsubsidized employment;
- The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training;
- The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training and retained that job for 6 and 12 months; and
- The percentage of adult participants who have completed a Workforce Development training program and have successfully been placed in a job related to the training that pays a wage equal to or higher than the District living wage rate.

7. DOES failed to effectively manage Workforce Development programs.

We found that DOES failed to effectively manage Workforce Development Programs in three areas:

- Lack of evidence to verify eligibility and compliance with laws, regulations and policies;
- Lack of written policies and procedures; and
- Lack of evidence to verify and validate monitoring of participant's performance and Workforce Development Program data.

DOES Workforce Development Programs are funded through a combination of federal grants and District appropriations. We selected two adult education, Workforce Development Programs (Transitional Employment Program [TEP] and the One-Stop Career Center Programs) to determine whether DOES followed applicable laws, regulations and policies when administering both programs. TEP is locally funded and the One-Stop Career Center Programs are federally funded. Appendix I presents the total amount of funds allocated to each DOES Workforce Development Program for FY 2009, FY 2010 and FY 2011.

One-Stop Career Center and TEP Operations

We reconciled the files for 95 One-Stop Career Center Program participants and 95 TEP participants with the respective participants' record in VOS to determine whether:

- The participants were eligible for the One-Stop Career Center or the TEP services;
- DOES properly monitored the program and participants; and
- DOES obtained evidence that participants received employment upon completion of the program.

We found that DOES did not adequately maintain required eligibility documentation, did not follow One-Stop Career Center (One-Stop) and TEP requirements. Additionally, DOES did not adequately monitor participant performance. Specifically, we found that:

- Two TEP participants had hard copy files; however, the two TEP participants were not recorded into VOS;
- Five TEP participants were admitted to the Workforce Development Program even though they were Maryland residents and did not provide proof of passage of a drug test. TEP guidelines required District residence and proof of passage of a drug test;
- Thirty-five One-Stop participant files did not contain documentary evidence that a *Comprehensive Adult Student Assessment* System exam was completed, as required by One-Stop Center policies;
- Sixty-five participants (62 One-Stop participants and 3 TEP participants) did not have an Individual Employment Plan (IEP) captured in VOS. The IEP details the participant's program goals and objectives. Without the IEP, DOES staff could not measure the participants' progress;
- Eighty-seven participants (63 One-Stop participants and 24 TEP participants) VOS records did not contain monthly case notes. Case notes are used by DOES staff to document the participants' progress and challenges encountered while in the program;
- The VOS records of 10 One-Stop participants contained data indicating whether the participant received permanent employment upon completion of the DOES workforce training. We found that although VOS has the capability to track employment status, DOES staff did not consistently enter post training employment data in VOS; and
- Participant TEP employment information was not entered into VOS. We found that TEP participants obtained subsidized work experience ranging from three months to nine months. However, VOS did not contain any data that would indicate whether the TEP participants obtained permanent employment upon the completion of work.

We found that TEP maintained a Participant Change of Status form that contains a field for the dates the participant completed certain program milestones and retained employment upon completion of the training program. However, we found that DOES staff did not consistently complete the Participant Change of Status form. We found that for 67 of 95 TEP records, the TEP Participant Change of Status Form was incomplete or blank. As a result, we could not

determine whether TEP participants retained employment upon completion of employment training.

DOES must maintain proof of eligibility and employment information to allow DOES to accurately report on participant eligibility compliance, participant progress and program performance.

Policies and Procedures

DOES failed to establish written operational policies and procedures for One-Stop Career Center operations.

One-Stop Career Center's policies and procedures were updated in 2001, 2002, 2005, and 2009. However, the Auditor found that these policies and procedures were incomplete. Additionally, DOES had no system in place for developing and maintaining standard operating procedures among the different Workforce Development Programs. DOES advised us that DOES was updating the standard operating procedures to cover every aspect of DOES programs, activities and services.

The DOL Final Monitoring Report, dated February 20, 2009, states that: "Although the DOES was able to provide a draft of the One-Stop operating policies and some other written procedures guiding the management and administration of programs and personnel matters, many of these policies were incomplete, lacked detail, and/or did not accurately reflect current practices. The DOES did not have a written process in place indicating when and how a policy or procedures is written and adopted in the DOES, nor does it have written processes for disseminating new policies and procedures once they are adopted." At the time of the audit DOES had not implemented a corrective action plan to address the DOL finding.

Program Assessment Process

DOES did not develop and implement an effective comprehensive assessment process to determine and document the needs of individuals that used services provided by One-Stop Career Centers. The assessment process only consisted of interviewing One-Stop Center applicants. The assessment process was not well documented and pertinent questions required to make a formal assessment were not asked during the initial assessment.

The Department of Human Services (DHS) developed an assessment process. In addition to obtaining basic demographic information (home address, education and employment information), the DHS assessment process included determining: current housing status, learning abilities and disabilities, alcohol and drug use, mental health status or diagnosis, child care needs, transportation needs, and challenges.

According to DOES, DOES staff did not obtain the type of assessment data collected by DHS because “DOES case managers are not social workers.” However, DOES informed us that DOES was in the process of implementing measures to obtain information from other District agencies that will better enable DOES to assess the needs of Workforce Development Program participants.

As a result of these identified control weaknesses, information from internal and external sources was not being obtained and provided to government officials and stakeholders as a part of the District’s reporting on the operational performance relative to the goals and objectives of the Workforce Development Programs.

Recommendations:

We recommend that the Director of the Department of Employment Services (DOES):

- 12. Develop a formal system to review and update One-Stop Career Operations policies and procedures periodically. This would ensure the policies and procedures are current, complete, and accurately comply with federal and District laws and regulations. This system should include formal verification that all DOES staff received updated copies of the policies and procedures.**
- 13. Develop a formal assessment process which adequately documents and identifies One-Stop Center participants’ current circumstances, skills and service needs.**
- 14. Perform periodic reconciliation and verification between VOS and the hard copy files to ensure the information recorded within VOS is consistent, accurate and complete. This would also ensure errors are detected and corrected in a timely manner and that DOES staff are held accountable for their daily work performance.**

- 15. Ensure that DOES staff enter into VOS the employment status of Workforce Development Program participants upon completion of any employment training.**

8. DOES did not implement adequate internal controls over Workforce Development program operations and administrative processes.¹⁶

We found that DOES did not:

- Develop a formal job description defining the program analyst's roles and responsibilities related to VOS operations. As such, DOES did not have formal job expectations and standards to use as a basis for assessing the quality of work or the effectiveness of the employee's daily practices; and
- Have evidence to support whether DOES staff members received training on VOS operations. As such, we could not verify whether DOES staff possessed the necessary skills required to process workforce development data in accordance with agency procedures.

As a result of these identified control weaknesses, critical information regarding Workforce Development programs was not obtained. Without having effective controls in place neither the Auditor nor DOES can accurately assess whether Workforce Development Programs achieved the desired results.

Recommendations:

We recommend that the Director of the Department of Employment Services (DOES):

16. Develop a formal job description for the Program Analyst position that details the operational duties, responsibilities, and functions of the position.

17. Develop and customize a training manual for DOES program staff, by position.

18. Develop and implement a VOS standard operating procedures manual.

¹⁶ The Government Accountability Office (GAO) Standards for Internal Control in Federal Government, GAO/AIMD-00-21.3.1 (11/99) page 11 states, in relevant part, that "Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved: 1) effectiveness and efficiency of operations; 2) reliability of financial reporting; and 3) compliance with applicable laws and regulations. Furthermore, control activities, such as policies, procedures, techniques, and mechanisms, are an integral part of an entity's planning, implementing, reviewing, and accountability for stewardship of government resources and achieving effective results."

Conclusion

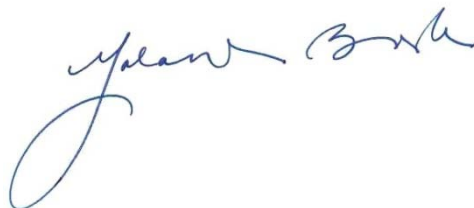
The mission of the Department of Employment Services (DOES) is to plan, develop and administer employment-related services to all segments of the District's population. Our audit found deficiencies pertaining to compliance with regulations and ineffective internal controls. Specifically, we found:

- A failure to achieve federal performance goals,
- A lack of a certification process for One-Stop Career Centers
- Ineffective management of Workforce Development Programs, and
- Inadequate internal controls over Workforce Development Program operations and administrative processes.

It is important to note that since the completion of the audit, a new Director, Lisa Mallory, was appointed to lead DOES. Ms. Mallory advised the Office of the District of Columbia Auditor that DOES has taken significant steps toward implementing many of the recommendations presented in the report.

I am hopeful that DOES will continue to implement all of the audit recommendations. In so doing, DOES will increase the efficiency of operations, ensure compliance with rules and regulations and improve the delivery of key employment services to the residents of the District of Columbia.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Yolanda Branche', with a large, stylized initial 'Y'.

Yolanda Branche
District of Columbia Auditor

Agency Response

On November 7, 2012, the Office of the District of Columbia Auditor submitted the draft report titled “Audit of the District’s Workforce Development Programs” for review and comment to the Department of Employment Services (DOES) and the Workforce Investment Council (WIC).

The Auditor received written comments from the Department of Employment Services and the Workforce Investment Council on November 29, 2012. We were pleased to learn that DOES and WIC concurred with our findings and recommendations. The DOES and the WIC responses are included with this report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Employment Services

VINCENT C. GRAY
MAYOR



LISA MARÍA MALLORY
DIRECTOR

November 29, 2012

Yolanda Branche
District of Columbia Auditor
Office of the District of Columbia Auditor
717 14th Street, N.W., Suite 900
Washington, D.C. 20005

RE: Comments to D.C. Auditor's Draft Report Entitled "Audit of the District's One-Stop and Transitional Employment Workforce Development Adult Programs," Dated November 7, 2012

Dear Ms. Branche:

As you may know, I began a full review of all programs and operations of the agency when I was appointed as Director in April 2011. The review surfaced many of the same historical performance concerns raised in your report. In May 2011, I commissioned an independent forensic audit of the workforce unit – which began in June 2011 and is currently underway – to assist in understanding the scope of these historical issues and to develop short- and long-term recommendations which DOES will implement, as applicable.

Since Spring 2011, significant progress has been made to ensure DOES complies with applicable federal and District workforce development program requirements and ensures that internal controls are efficient and effective. DOES has implemented several workforce development unit Standard Operating Procedures and policies; implemented a new, nationally recognized FutureWork Systems workforce development performance management system that provides premier information technology performance management tools and services to staff; and the agency has conducted several data validation trainings for staff, to name a few improvements.

Please see below for written comments responding to your draft audit report entitled, "Audit of the District's One-Stop and Transitional Employment Workforce Development Adult Programs (the "Draft Report"), which covered the periods of Fiscal Years 09, 10, and 11 (October 2008 to September 2011).

Recommendation #1: Develop a Corrective Action Plan (CAP) to ensure that DOES achieves the annual cluster performance scores.

Comment: The U.S. Department of Labor (DOL) developed a Corrective Action Plan for DOES in early 2009 to address long-standing agency performance concerns. Many of the items in the plan were not completed by 2011. Beginning in 2011, DOES began a rigorous plan to ensure

Corrective Action Plans were completed. As of this date, fifteen (15) of the original eighteen (18) corrective action items have been closed, and the U.S. Department of Labor Regional Office has recognized the progress made over the last year as reflected in DOES meeting or exceeding all the negotiated measures in Program Year 2012. DOES anticipates closing the remaining CAP recommendations by end of FY2013.

In addition, DOES purchased FutureWork Systems, a workforce development performance management system, to ensure the agency has the best possible technology performance management tools and services for staff. The product allows DOES to access real-time performance data of each American Job Center at the staff level to monitor trends and to implement correction action in real-time rather than waiting until formal Corrective Action Plans are established by the U.S. Department of Labor.

Recommendation #2: Formally identify performance measures for workforce development programs, sources of data, and data requirements that will allow DOES to report on locally and federally funded workforce development program performance measures.

Comment: DOES launched the FutureWork Systems performance management system in July 2012 which captures all staff-entered data into our Virtual One-Stop (VOS) system to ensure real-time performance measurement. Performance measures have been identified through local requirements such as recent Budget Support Acts Subtitles, including Department of Employment Service Adult Training Funding and the Local Job Training Quarterly Outcome Report, Key Performance Indicators and Initiatives as part of the City Administrator's Agency Performance Plan, as well as the performance measures from the U.S. Department of Labor, including entered employment rate and wage information. The program is able to report on measures such as training completion dates, number of participants enrolled by funding source, and skill set attainment through assessment tools.

Recommendation #3: Implement a quality control system to monitor and ensure that data entry personnel enter workforce performance data in the DOES Management Information System (MIS).

Comment: DOES upgraded its quality control system in October 2012 to ensure improvements in data entry, reconciliation of files, and proper file maintenance. The quality control activities of the workforce unit will be lead by a Lead Program Analyst and supervised by the agency's American Job Center (AJC) Program Manager. The unit will be supported by a program analyst and staff assistant. Currently, this unit is reviewing over six hundred and eighty (680) files, as randomly selected by the U.S. Department of Labor, to conduct data validation to ensure all necessary eligibility documentations are included in all files and that electronic records are secure and complete. Training on how to conduct these reviews has been done and additional trainings are planned for FY13. Additionally, this unit will begin reviewing over five-hundred (500) files, including Transitional Employment Program/Project Empowerment files, in the spring of FY13. Training of American Job Center staff is also taking place to share information on what is learned during these reviews to continuously improve data entry in the DOES Management Information System.

Recommendation #4: Develop a workforce development reporting system that will allow DOES to generate reports that detail workforce development program performance. At a minimum, the reporting system should be capable of producing reports that provide:

- The total number of participants enrolled within each individual training and employment program;
- The total number of participants that dropped out of each individual training and employment program;
- The total number of jobs obtained once the training or employment program was completed;
- The total number of jobs within a particular labor force market;
- Whether the participant's skill set increased or improved;
- The total amount of wage gain;
- The total number of participants placed in subsidized and unsubsidized employment;
- The percentage of adult participants who have completed a workforce development training program and have successfully been placed in a job related to the training;
- The percentage of adult participant who have completed a workforce development training program and have successfully been placed in a job related to the training and retained that job for 6 and 12 months; and
- The percentage of adult participants who have completed a workforce development training program and have successfully been placed in a job related to the training that pays a wage equal to or higher than the District's living wage rate.

Comment: DOES is currently tracking these measures as required by the Subtitle I "Local Job Training Quarterly Outcome Report" of D.C. Law 19-0168, the "Fiscal Year 2013 Budget Support Act." A report on these measures is due to the Council of the District of Columbia on February 15, 2013.

Recommendation #5: Develop a formal system to review and update One-Stop Career Operations policies and procedures periodically. This would ensure the policies are current, complete, and accurately comply with federal and District laws and regulations. This system should include formal verification that all DOES staff received updated copies of the policies and procedures.

Comment: DOES American Job Centers' (formerly known as One-Stop Career Centers) policies and procedures have been drafted and will be updated by mid-2013 to align with the Workforce Investment Council's (WIC) goals to develop new certification standards for the District's American Job Centers. In preparation for the WIC's certification, during the month of October 2012, DOES conducted an internal certification process to identify gaps in services. DOES is currently drafting a Corrective Action Plan to address issues discovered during our internal assessment. This certification process will be iterative and shared with the WIC in advance of the formal standards which will be established by the WIC's certification process in mid-2013.

Recommendation #6: Develop a formal assessment process which adequately documents and identifies One-Stop Center participants' current circumstances, skills, and service needs.

Comment: DOES utilizes KeyTrains® and Comprehensive Adult Student Assessment Systems (CASAS) to assess participants' current circumstances, skills, and service needs. Both assessment tools are widely recognized as best practice to assess individual workforce readiness and skill testing. In FY12, DOES has assessed over one-thousand and one hundred (1,100) individuals through KeyTrains® and CASAS to determine workforce readiness. DOES has also trained American Job Center managers and staff to ensure employees know how to record test results and specific assessment data and to emphasize the importance of maintaining key records. Adequate documentation is also an employee performance requirement. Similarly, DOES' Transitional Employment Program/Project Empowerment will also build on its partnership with the Department of Mental Health to annually review processes, documents, participants' circumstances, and service needs to align the program services in response to findings. DOES will continue to provide professional development for staff to understand diverse populations, best practices, and how to best service their participants' needs. Finally, DOES will also partner with the WIC as they prepare a formal certification process of the AJC in 2013.

Recommendation #7: Perform periodic reconciliation and verification between VOS and the hard copy files to ensure the information recorded within VOS is consistent, accurate, and complete. This would also ensure errors are detected and corrected in a timely manner and that DOES staff are held accountable for their daily work performance.

Comment: As mentioned in response to Recommendation #3, DOES is currently reviewing over six hundred and eighty (680) files to reconcile hard copy files with information recorded in VOS. These files are randomly selected by the U.S. Department of Labor to conduct data validation to ensure all necessary eligibility documentations are included in all files and that electronic records are secure and complete. Training on how to conduct these reviews has been done, and additional trainings are planned for FY13. Additionally, this unit will begin reviewing over five hundred (500) files, including Transitional Employment/Project Empowerment files, in the spring of FY13. Training of AJC staff is also taking place to share information on what is learned during these reviews to continuously improve data entry in the DOES Management Information System.

Recommendation #8: Ensure that DOES staff enter into VOS the employment status of workforce development program participants upon completion of any employment training.

Comment: As mentioned in Recommendation #3, DOES data validation staff are currently reviewing over six hundred and eighty (680) files as randomly selected by the U.S. Department of Labor to ensure all necessary eligibility documentations are included in all workforce development program files and that electronic records are secure and complete. DOES AJC staff have also been trained to ensure that key data points are included in participant records, including training completion dates and entered employment dates when advised by the participant. Additionally, DOES uses wage records to determine employment status of new hires. While using wage records is a national best practice to verify employment status, often there is a lag of up to fourteen (14) months.

Recommendation #9: Develop a formal job description for the Program Analyst position that details the operational duties, responsibilities, and function of the position.

Comment: DOES has developed a formal Program Analyst job description for this position and expects to fill this position in the near term.

Recommendation #10: Develop and customize a training manual for DOES program staff, by position.

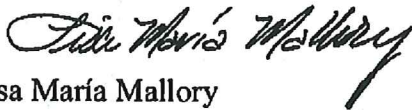
Comment: DOES has conducted five trainings in FY13 for data validation and AJC staff as recommended by the U.S. Department of Labor (DOL) Employment and Training Administration, as modeled by DOL's Training and Employment Guidance Letter (TEGL) 28-11. Additionally, DOES is currently developing a training manual to support the work of the workforce development quality control/data validation unit which will be completed by March 29, 2013.

Recommendation #11: Develop and implement a VOS Standard Operating Procedures manual.

Comment: A comprehensive user's guide is available for DOES staff through GeoSolutions, the developer of the Virtual One-Stop (VOS) system. DOES has conducted three (3) trainings on this user's guide this year and plans to continue training into FY13.

We look forward to continuing to implement these and other audit recommendations to continue to transform the agency and workforce development in the District of Columbia. If you have questions or require any additional information, please do not hesitate to contact me directly at 202-671-1900, or via email at lmml@dc.gov.

Sincerely,



Lisa María Mallory
Director

Recommendations	Agency Agrees Date Agency will Implement Recommendation	Agency Disagrees Alternative Recommendation
Recommendation #1: Develop a Corrective Action Plan (CAP) to ensure that DOES achieves the annual cluster performance scores.	Agree. Completed. The Department of Labor establishes CAPs for DOES and the new FutureWorks Systems is designed to ensure real-time performance data is captured to avoid future CAPs.	
Recommendation #2: Formally identify performance measures for workforce development programs, sources of data, and data requirements that will allow DOES to report on locally and federally funded workforce development program performance measures.	Agree. Completed July 2012.	
Recommendation #3: Implement a quality control system to monitor and ensure that data entry personnel enter workforce performance data in the DOES Management Information System (MIS).	Agree. Completed October 2012	
Recommendation #4: Develop a workforce development reporting system that will allow DOES to generate reports that detail workforce development program performance. At a minimum, the reporting system should be capable of producing reports that provide:	Agree. DOES is currently tracking. A report is required to the Council in February 2013.	
Recommendation #5: Develop a formal system to review and update One-Stop Career Operations policies and procedures periodically. This would ensure the policies are current, complete, and accurately comply with federal and District laws and regulations. This system should include formal verification that all DOES staff received updated copies of the policies and	Agree. To be completed in mid 2013 to align with WIC.	

procedures.		
Recommendation #6: Develop a formal assessment process which adequately documents and identifies One-Stop Center participants' current circumstances, skills, and service needs.	Agree. Completed. Will continue to expand and implement into 2013.	
Recommendation #7: Perform periodic reconciliation and verification between VOS and the hard copy files to ensure the information recorded within VOS is consistent, accurate, and complete. This would also ensure errors are detected and corrected in a timely manner and that DOES staff are held accountable for their daily work performance.	Agree. Completed. Will continue to expand 2013 to include 500 supplemental cases as part of DOES review.	
Recommendation #8: Ensure that DOES staff enter into VOS the employment status of workforce development program participants upon completion of any employment training.	Agree. Completed.	
Recommendation #9: Develop a formal job description for the Program Analyst position that details the operational duties, responsibilities, and function of the position.	Agree. Completed.	
Recommendation #10: Develop and customize a training manual for DOES program staff, by position.	Agree. Will be completed March 2013.	
Recommendation #11: Develop and implement a VOS Standard Operating Procedures manual.	Agree. Completed.	



**WORKFORCE INVESTMENT COUNCIL
DISTRICT OF COLUMBIA**



November 29, 2012

Yolanda Branche
District of Columbia Auditor
717 14th Street, N.W., Suite 900
Washington, DC 20005

RE: Comments to D.C. Auditor's Draft Report Entitled "Audit of the District's One-Stop and Transitional Employment Workforce Development Adult Programs" Dated November 7, 2012.

Dear Ms. Branche:

The purpose of this letter is to respond to your draft report, dated November 7, 2012, regarding your review of the District's One-Stop and Transitional Employment workforce development adult programs (the "Draft Report"). Below please find the DC Workforce Investment Council's comments regarding the Draft Report's seven (7) recommendations relating to the WIC:

Recommendation #1: Ensure that the WIC develop formal policies and procedures that detail monitoring and reporting functions. At a minimum, these policies and procedures should include provisions that: (a) define the WIC's role, duties, and functions in providing oversight of the District's workforce development programs; (b) provide for regular board meetings; (c) provide for the development and implementation of workforce performance expectations, standards, and measures; and (d) require that the WIC provide the Mayor an annual report on the accomplishments of training and employment-related activities within the District.

Comment:

(a) The WIC's roles, duties and functions in providing oversight of the District's workforce programs are clearly defined under Mayor's Order 2011-114, which is consistent with statutory requirements under the federal Workforce Investment Act (WIA) and the District's Workforce Investment Implementation Act of 2000 (as amended). In 2012, the WIC further defined its responsibilities and goals for the city's workforce system - including the development of new certification standards for the District's one-stop system and performance standards for eligible training providers - through the development of the District's five-year state integrated workforce plan.

(b) In 2011, the WIC implemented a regular calendar of quarterly board meetings, and has posted the FY 2013 meeting calendar on the DMPED website.

(c) The WIC is responsible for establishing policies and performance standards for both the DC American Job Center (DCAJC, formerly DC Works!) network and for adult and youth training providers receiving WIA funds. The WIC has developed and executed a memorandum of agreement (MOA) with all



WORKFORCE INVESTMENT COUNCIL DISTRICT OF COLUMBIA



mandatory partner agencies regarding the use of funds and referral processes within the DCAJC system, and is currently working with a nationally-recognized consultant to develop new certification and oversight standards for the DCAJCs, with an expectation that the new standards will be in place by mid-2013. For adult training providers, the WIC has instituted new procedures to evaluate labor market information and current performance data to ensure that providers are meeting employer and jobseeker requirements, and will develop new formal policies for provider eligibility and performance requirements in early 2013. For youth training providers, the WIC has partnered with DOES to implement a new performance-based grants process that includes a rigorous reporting and monitoring schedule for grantees, and requires grantees to meet meaningful performance goals for youth participants. New grants for out-of-school youth were awarded in October 2012, and grants for in-school youth will be awarded in January 2013.

(d) The WIC has furnished a copy of the District's Program Year (PY) 2011 annual report on workforce development programs to the Mayor, and will continue to provide such annual reports to the Mayor consistent with federal law.

Recommendation #2: Require the WIC to develop an annual fiscal budget that provides for the anticipated fiscal year expenditures.

Comment: Because the WIC was not seated and staffed until fall of 2012, the Fiscal Year (FY) 2013 budget for federal WIA funds was developed by the Department of Employment Services and the Office of the Chief Financial Officer. The WIC has been working with DOES and OCFO to assume responsibility for budgeting of WIA funds as part of the Mayor's FY 2014 budget request, and will work with DOES and OFCO to ensure that the budget is consistent with the Mayor's workforce vision while minimizing disruptions to current operations.

Recommendation #3: Direct the DOES and DMPED to modify the Memorandum of Understanding (MOU) to include a detailed WIC scope of work, budget, and WIC performance expectations, standards, and measures.

Comment: As noted under #1, the roles and responsibilities of the WIC are primarily defined under Mayor's Order 2011-114, in conformance with federal and District law. The WIC and DOES are currently developing an MOU for FY 2013 that will address the transfer of certain WIA funds to the WIC for administrative expenses, but this instrument will not establish responsibilities or requirements for the WIC.

Recommendation #4: Require the WIC to appoint a Youth Council, as required by the Workforce Investment Act (WIA), §117(h)(1) of the WIA.

Comment: The WIC board appointed a youth council subcommittee - the Youth Employment Change Network - in July 2012. The Network serves as both a subcommittee of the WIC and of the District's Raise DC initiative, ensuring that our work is linked to a broader effort to improve educational and employment outcomes for youth



**WORKFORCE INVESTMENT COUNCIL
DISTRICT OF COLUMBIA**



Recommendation #5: Require the WIC to develop formal policies and procedures detailing how the WIC will monitor and report on Youth Council functions and activities.

Comment: The WIC staff is responsible for supporting the Youth Employment Change Network, and ensures that recommendations of the Network with respect to youth investments and policies are captured in minutes that are shared with the full WIC board and available to the public. The Network is currently developing a Network Charter and Action Plan that will detail expectations for the Youth Employment Change Network in FY 2013 and future years and will supplement the approach to the provisions of youth services laid out in the District's five-year state integrated workforce plan. The WIC will ensure that the charter and action plan include procedures for monitoring functions and activities of the Network.

Recommendation #6: As required by WIA §117(h)(4), require that the Youth Council develop formal policies and procedures that detail their role, duties, and functions in providing oversight of the District's youth activities.

Comment: As noted in Recommendation #5, the WIC is currently developing a Network Charter and Action Plan that will detail expectations for the Youth Employment Change Network in FY 2013 and future years. The WIC will ensure that the charter and action plan include procedures for monitoring functions and activities of the Network.

Recommendation #7: Take steps to ensure that One-Stop Career Centers are properly certified. Additionally, policies and procedures should be established and implemented to monitor compliance with One-Stop Center certification requirements.

Comment: As noted under Recommendation #1, the WIC will work with a nationally-recognized consultant to develop new certification and oversight standards for the DC American Job Centers (DAJCs, formerly DC Works! Centers), with an expectation that the new standards will be in place by mid-2013.

If you have questions or require any additional information, please contact me directly at 202-724-5133, or via email at Allison.Gerber@dc.gov.

Sincerely,

Allison Gerber
Executive Director

Auditor's Response to Comments

The Auditor appreciates the comments provided by the Department of Employment Services (DOES) and the Workforce Investment Council (WIC). We are pleased to learn that since the completion of the audit, DOES and WIC took the necessary steps toward implementing some of the findings and recommendations presented in the report.

Appendix I

Funding Sources for DOES Workforce Development (WD) Programs

Individual DOES WD Program	Type of Funding Source	FY 2009	FY 2010	FY 2011
Senior Services	Local Funds	\$2,500	\$28,231	\$3,000
	Federal Grants	\$562,332	\$946,108	\$972,835
	Federal Stimulus	\$26,354	\$459,125	\$0
	Total Funding	\$591,186	\$1,433,464	\$975,835
Office of Program Performance Monitoring	Locals Funds	\$1,314,626	\$5,752,582	\$7,052,825
	Federal Grants	\$3,584,876	\$4,107,388	\$2,390,877
	Federal Stimulus	\$992,347	\$1,103,652	\$0
	Total Funds	\$5,891,849	\$10,963,622	\$9,443,702
Office of Apprenticeship Training	Local Funds	\$1,146,497	\$775,597	\$658,109
	Federal Grants	\$2,590	\$97,410	\$95,842
	Total Funds	\$1,149,087	\$873,007	\$753,951
Transitional Employment Program/Project Empowerment	Local Funds	\$13,210,846	\$10,436,684	\$15,008,480
	Total Funds	\$13,210,846	\$10,436,684	\$15,008,480
Office of Employer Service	Local Funds	\$346,380	\$285,838	\$389,843
	Federal Grants	\$1,413,121	\$2,980,225	\$2,738,370
	Federal Stimulus	\$0	\$1,266,002	\$760,567
	Total Funds	\$1,759,501	\$4,532,065	\$3,888,780
One Stop Operations	Federal Grants	\$4,767,415	\$7,811,327	\$5,273,523
	Federal Stimulus	\$98,980	\$5,840,399	\$1,936,064
	Total Funds	\$4,866,395	\$13,651,726	\$7,209,587
Office of Labor Market Information	Federal Grants	\$770,344	\$1,084,797	\$1,514,736
	Total Funds	\$770,344	\$1,084,797	\$1,514,736
Youth Programs	Local Funds	\$53,532,998	\$38,350,054	\$21,776,642
	Federal Grants	\$3,636,834	\$4,201,245	\$3,173,745
	Federal Stimulus	\$0	\$3,953,748	\$0
	Private Donations	\$80,000	\$80,000	\$80,000
	Total Funds	\$57,249,832	\$46,585,047	\$25,030,387
Total Local Funds		\$69,553,847	\$55,628,986	\$44,888,899
Total Federal Grants		\$14,737,512	\$21,228,500	\$16,159,928
Total Federal Stimulus Funds		\$1,117,681	\$12,622,926	\$2,696,631
Total Private Donations		\$80,000	\$80,000	\$80,000
Grand Total		\$85,489,040	\$89,560,412	\$63,825,458

Source: DOES Workforce Development Program Funding Report