APPENDIX D

AGENCY RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Department of Employment Services

Office of the Director

Gregory P. Irish
Director

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March 31, 2006

Mr. Michael T. Hill
Regional Inspector General for Audit
Office of Inspector General
USDOL/Philadelphia Regional Office
Public Ledger Building-Suite 1072
Philadelphia, Pennsylvania 19106

Dear Mr. Hill:

Enclosed please find the department's responses to the audit findings detailed in your report on the District's Workforce Investment Act (WIA) programs. If you have questions or require additional information, please contact me or Daryl G. Hardy, Administrative Officer for Workforce Development, at (202) 698-5146.

Sincerely,

Gregory P. Irish
Director

Enclosure

64 New York Avenue, N.E. ◇ Suite 3000A ◇ Washington, D.C. 20002 ◇ TDD (202) 673-6994

1. **Overall, for Adult and Dislocated Worker participants with an approved ITA:**

   (1) There was evidence to support that DOES provided a choice of training providers to 14 of the 20 participants in our sample, but DOES' policies for low-income participants facing multiple barriers to employment did not provide for consumer choice;

   The District mildly disagrees with the finding that all customers did not the have the option of choice in 2002 and 2003. Frankly, the District has had a long history of providing customer choice dating back to the Job Training Partnership Act, when the District adopted a voucher-like program for dislocated workers.

   For the years reviewed, the District funded several contractual programs for "hard-to-serve individuals, i.e., limited English speaking persons, the disabled, those with academic deficiencies, and others who would not have been candidates for Individual Training Accounts (ITA). To be clear, this was not a policy where all low-income individuals facing barriers to employment were directed to contracted programs. Simply, it was an option at a case worker's disposal if they felt that the customer could be successful, with additional support that would not be available through ITA providers. While the choices among contractual providers were limited, since the majority of our 130 programs are linked to ITAs, the other option would have been not to enroll the customer in any WIA funded training.

   Moreover, we believe that some confusion stems from the Department's One Stop Policy Manual which was drafted in 2002 and is being reviewed and updated. The manual stated that a participant referred to a one-stop center by a hard-to-serve training provider, should be referred back to that training provider. Understandably, the OIG concluded that this stated policy did not comply with WIA. However, in practice quite the opposite was true. In fact, hard-to-serve providers consistently complained that their referrals were enrolling in other programs after being provided the full spectrum of options. Nonetheless, after considerable wrangling with our local legislature, in 2004, the District eliminated contractual programs for the hard-to-serve, offering only ITA programs.

   (2) Over one-third of these participants waited over 60 days to receive training and 14 percent waited over 4 months, but we could not determine if the delays were justified;

   This relatively new discussion and emphasis on how long it takes to move a person through core and intensive services and on to training leaves the District somewhat puzzled. Likewise, why the District appears to be singled out in this discussion is equally perplexing. Recently, some seem to have forgotten or chosen to discount the "work-first" tenets imbedded in WIA, or the once highly touted "inverted triangle." In the early years of WIA implementation, most states,

1

including the District, grappled with balancing these concepts with what many of us knew to be a need to provide immediate training. Clearly, as evidenced by a host of Government Accounting Office (GAO) reports, nationally there is no consensus as to amount of time it should take to get customers into training, or what steps a customer should be required to complete before a determination for training services is made.

More important, for the District, the dates being discussed are not counting from the time a person is deemed eligible for training—but are counting from the time they are deemed eligible for a WIA intensive service. There is no training trigger in our system. Hence, there is no electronic method for the District to count what is being requested…since WIA did not focus on this issue. That is the way the District's Virtual One Stop system is set up—we believe it follows the WIA law. Our system was developed to track individuals' entry to the workforce after receiving a host of WIA services of which, one could be training. When it is determined that a WIA intensive service is needed to help the customer secure employment, in most cases the training option is not yet on the horizon.

In 2002, when we were new to WIA, we postulated that it should take 30 days. Now, we know different. Moreover, any random sample will provide contradictory lengths of time since much of the responsibility for completing the training application rests with the individual. For PY 2004, we produced a file, sent to the OIG, which averaged 91.6 days; for PY 2005, a similar file reflected a reduction to 80.5 days. A recent report produced for the Washington Post for a different period reflected roughly 88 days. Quickly one finds that there is no set number of days to get an individual into training. Each case is different.

Statistically, it takes the District less than three months, on average, to move individuals through the system. Actually, a few customers with very lengthy periods between WIA determination and training enrollment tend to distort the timeline. In a number of these cases customers temporarily cease their initial quest of training accepting employment or remaining on Unemployment Compensation, only to resume interest in training several hundred days later.

This timeline takes into account the DOES review, D.C. Office of Contracting and Procurement (OCP) and Office of Finance processing, as well as issues cited by the OIG report that fall outside of the Department's control including:

- Customer directed changes in training providers with the original training start date deleted and replaced with the new training start date;
- Customers taking exorbitant amounts of time to select among more than 130 WIC approved programs and visit providers;
- Financial aide back-logs;
- Training provider specified start date missed by the customer;
- Customers requesting a provider not approved at the time thus requiring WIC and OCP approval;

2

- Training provider changed the dates of training due to lack of enrollees;
- Training provider discontinued services which caused the participant to have to restart the process.

(3) DOES caseworkers did not exit 52 percent of sampled Adult and Dislocated Worker Program participants within the required WIA guidelines of 90 days after no activity.

For the period reviewed, this was a legitimate finding. As was the case with many other states, the District was grappling with the complexity of the new law as well as implementing a new case management system. Subsequent to the period reviewed, we informed the U.S. Department of Labor Region II office that we would be taking a major performance hit in 2003 as we cleaned out a host of "dead" files, some pre-WIA, which had been converted in an assortment of technical actions necessary to initially populate the Virtual One Stop data base.

Since that time, the review focused on 2001 and 2002, several major actions have been implemented to ensure compliance with Training and Guidance Letter No. 7-99, Part (4)(D):

- Through continuous staff training, emphasis has been placed on teaching staff to provide comprehensive assessments and thorough case management services which lead to making sound decisions when referring individuals to jobs or training.

- The U.S. Department of Labor Region II office assisted the District by identifying a contractor, Charter Oak, to provide technical assistance. This group worked with staff to establish procedures to ensure that individuals are exited timely and that staff provide timely follow-up with customers as mandated by WIA.

- The District instituted an automatic exit trigger in Virtual One Stop. Case managers are prompted 14 days before a customer is scheduled to exhaust the 90 day requirement. If a service contact is not registered by the 90th day the file is electronically exited and referred to the customer satisfaction/follow-up unit.

2. **DOES did not comply with WIA regulations for its procurement of training providers for the WIA Youth program until October 2002 and DOES did not comply with DC procurement regulations in awarding YO sub-grants. The DOES procurement process of training providers for the WIA Adult and Dislocated Worker programs adheres to WIA regulations.**

The District's process for procuring training providers for all programs meets WIA requirements. Second, DOES did not award contracts that were competitively bid for the Out-of-School Youth program training providers until

3

October 2002. Regarding the Youth Opportunity Grant (YOG), while Section 169 of WIA does not have any specific criteria for selecting YO training providers, we call on the Department of Labor to recall that it set certain requirements for YOG participation including the requirement for a "geographically contiguous" program design.

The major factors at work were that the Employment and Training Administration (ETA) guidance in the Solicitation Grant Announcement encouraged the inclusion of sub-grantee training providers in its grant proposal. ETA's solicitation showed that factors for rating proposals included public sector and community partnerships and complementary resources. And more important, there was insufficient time to competitively solicit sub-grantees because the closing date for YOG applications was only 4 months after ETA announced the competition; it would have taken the District roughly 6 months to develop a competitive solicitation process. ETA published the Notice of Availability of Funds and Solicitation for Grant Applications in the *Federal Register* on June 2, 1999, and the applications were due September 30, 1999.

It should be noted that the District believed it met the test of D.C. Register, Chapter 50, *Subgrants to Private and Public Agencies*, Section 5002.1, effective May 21, 1999. Section 5002.1(a) provides exceptions to making awards on a competitive basis including:

- The award of the grant designates the sub-grant recipient.
- There is a recognized coalition of service providers through which the broadest community participation may be obtained in serving the targeted clientele.

Neither the District's Office of Contracting and Procurement (OCP) or Office of Grants Management and Development (OGMD) have raised any concerns relative to the Youth Opportunity Grant award process, or the decision to kick-off the WIA older youth programming with YOG programs.

3. **DOES did not meet the OMB Circular A-133 single audit reporting requirements because it did not obtain the required audit reports for two subgrantees.**

The A-133 audit report for the Foundation for Educational Innovation has been obtained and is now on file with the department.

Since 1999, DOES has maintained written procedures which articulate the requirement that DOES subrecipients submit annual audit reports in accordance with the stipulations of OMB Circular A-133. When it was determined that we had not successfully collected all of the audit reports as required, the following corrective action was taken:

4

- Revised written procedures were issued which detail the responsibilities for collection and review of the A-133 audit reports by DOES subrecipients;

- Realizing that the A-133 reports are due nine months after the close of the calendar year, DOES began collecting prior year state and federal tax returns and the minutes of board meetings in an effort to secure more current financial data on DOES subrecipients.

4. **The DOES One-Stop System is structured in accordance with WIA regulations and its State Plan, and the One-Stop center costs were proportionate to the level of services.**

   The District welcomes the OIG finding that its one stop system is structured in accordance with regulations and our plan, and that costs were proportionate to the level of services.

5