



**U.S. Department of Labor
Employment and Training Administration**

**Compliance Review of CareerSource Tampa Bay and CareerSource Pinellas
Corrective Action Plan**

September 30, 2020

Submitted to:

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The United States Department of Labor (USDOL) Employment and Training Administration (ETA) conducted a compliance review of Florida's Workforce Investment Act (WIA) and Workforce Innovation and Opportunity Act (WIOA) programs as a result of allegations made against two of Florida's Local Workforce Development Boards (LWDBs) – CareerSource Tampa Bay and CareerSource Pinellas. On May 15, 2019, USDOL ETA issued the report to the Florida Department of Economic Opportunity (Department or DEO) detailing the results of WIA and WIOA compliance review. The report identified 17 findings of non-compliance and three areas of concern.

On June 28, 2019, DEO submitted a Corrective Action Plan (CAP) that formally responded to each of the 17 findings and questioned costs. This CAP includes corrective actions of DEO, CareerSource Tampa Bay and CareerSource Pinellas that have already been taken or were in progress. However, on October 15, 2019, USDOL provided its response to DEO detailing the required actions that must be taken to resolve the findings. As part of this response, DEO requested and received technical assistance from the USDOL ETA to ensure the actions and steps DEO has made or planned to make would fully resolve the findings.

This response addresses all findings and areas of concern and will either include source documentation as evidence that corrective action has been taken and completed or a timeline by which DEO expects "in progress" actions to be satisfied. The timeline will include benchmarks to gage progress made towards the completion of the corrective actions laid out in the state's response.

1 Finding 1: Falsified Placements; Fabrication of Information and Records

1.1 The State and local areas must evaluate and implement appropriate internal controls in response to the findings in this report. They must discontinue the practices that allowed the falsification of participant records and data.

The revision of internal controls will help safeguard assets properly. This will help with grant activities being in compliance with the Federal statutes, regulations and the terms and conditions of the grants; that all data and reporting are valid and reliable; and that the State and local areas have sufficient evaluating and monitoring procedures in place to ensure effective and compliant implementation of the programs.

DOL RESPONSE: This finding remains UNRESOLVED. ETA recognizes the multiple approaches the State and locals are considering to respond to the finding. However, the actions indicated are insufficient in describing adequate solutions and documentation supporting of the development and implementation of appropriate internal controls to resolve this finding.

ETA encourages the State to implement system-wide control measures, by assessing and developing controls that will resolve the issues more directly, and at the source. For example, the first bullet, emails to new registrants or employers, places the responsibility on external parties, for which there is also still no control to ensure this happens. The

proposed process relies heavily on an external party that is not subject to the requirements and regulations of the programs and provides no assurance that the requested actions will be taken; thus, it does not represent a process that ensures staff compliance going forward, nor does it complete resolution to the prior fraudulent data entry. This presents a potential partial, but not secure, remedy for new registrations or job placement claims. Also, the proposed resolution does not account for the numerous placement claims for individuals who became inactive in the system and subsequently the staff simply reactivated their accounts without their knowledge. In addition, the response does not address the fabricated job orders that were not a part of the employer's legitimate job order but were created and used for the purpose of claiming performance credit.

CORRECTIVE ACTION:

In addition to the actions already undertaken and documented within the previous responses, the Department has undertaken several changes to address this finding. First, the Department revised several administrative policies that were amended in May 2019 and approved by the State Board of Directors on February 20, 2020. The listing of the administrative policies and the changes to the policies to address this finding are summarized below:

Administrative Policy 96 – Wagner-Peyser Jobseeker Registration

- Pseudo social security numbers (SSN) are created for the sole purpose of registration in Employ Florida and are only created when an individual requests not to use his/her SSN or a duplicate registration exists.
- If a pseudo SSN is utilized for a registered jobseeker, a case note must be entered in the jobseeker's case file stating the reason a pseudo SSN was used.
- If a SSN is already in use by another individual or staff identify a duplicative registration for a jobseeker with a different SSN, DEO has included procedures to correct the SSN errors and merge accounts within Employ Florida Marketplace.

Administrative Policy 98 – Wagner-Peyser Employer Services

- Verification of newly registered employer account must include a phone call using the contact number listed on the company's website and not the one provided during registration but also may be accomplished through email inquiry, website review, and State of Florida's Division of Corporations. If the employer fails to respond, the LWDB may conduct an in-person review.
- For employers not registered with the State of Florida's Division of Corporations, the employer must provide to the LWDB official documentation from the Internal Revenue Service evidencing the employer's Federal Employer Identification Number/Tax Identification Number
- The following definition was included: "Job Referral – The act of facilitating the match between qualified jobseekers and employers with job openings; and the recording of such referral in Employ Florida. Prior to referring a jobseeker to a job opening, LWDB staff must ensure the jobseeker's qualifications match the minimum requirements listed in the job order by reviewing the jobseeker's skills, abilities, prior work experience,

education and training, certifications/licensure against the requirements of the job order."

Administrative Policy 99 – Wagner-Peyser Job Orders and Placements

- The LWDB are prohibited from posting open positions in Employ Florida until the appropriate authorizations have been provided from the employing entity. Authorization includes but is not limited to obtaining a completed job order form or an email or phone call from the employer entity detailing the position requirements. Staff are not allowed to post to Employ Florida open positions from other job boards, employer's website, a job advertisement, or other resources, unless the employer authorizes the LWDB to do so.
- When a job order is received from an employer involved in a labor dispute involving a work stoppage, the LWDB must verify the existence of the labor dispute and determine its significance with respect to each vacancy involved in the job order. The LWDB must document the information in a case note with the job order, including the name of the person with whom they spoke, the date of contact, and any other pertinent information related to the dispute and how it affects the job order in question. They must also notify all potentially affected staff concerning the labor dispute. Furthermore, written notice must be provided to all applicants referred to jobs not at issue in the labor dispute that a labor dispute exists in the employing establishment and that the job to which the applicant is being referred is not at issue in the dispute.
- The section "Job Referral" was included with the following language: A staff-assisted job referral is the act of LWDB staff facilitating the match between qualified jobseekers and employers with job openings; and the recording of such referral in Employ Florida. Prior to referring a jobseeker to a job opening, LWDB staff must ensure the jobseeker's qualifications in their Employ Florida account match the minimum requirements listed in the job order by reviewing the jobseeker's skills, abilities, prior work experience, education and training, certifications/licensure against the requirements of the job order. To support staff's ability to adequately assess the jobseeker's qualifications, staff must ensure the jobseeker has completed a full registration in Employ Florida, prior to the referral being made. At no time should staff provide a job referral to a jobseeker who has not completed a full registration and/or does not meet the minimum requirements of the job order. Additionally, staff must obtain the consent of the jobseeker prior to making any job referral.
- The paragraph "Referrals Pending Review" was added under the section "Job Referral" with the following language: "When a jobseeker applies for a position in Employ Florida, it is called a self-referral. If the employer's information has been suppressed on the job order to which the individual applies, a message appears informing them that the LWDB will contact them within 72 hours. A list of these individuals appears on the "Manage Labor Exchange" section of Employ Florida under "Referrals Pending Review." LWDB staff must view this listing on a daily basis to determine the qualification of the individual, whether their qualifications meet the requirements of the job order, and to complete the referral process if the individual is qualified. Once the screening is accomplished or if further

information is needed, staff must contact the individual for the missing information or to either inform them they are not qualified for the job or to provide the information in order for them to complete the application process."

- For a job placement, an individual must provide consent to be referred to the job order in Employ Florida.
- The section "Job Development Hires" was amended to add a definition of job development and instructions to document the job placement if the individual obtained employment after interviewing with the company.
- For recognition of an individual attaining employment requiring a manual adjustment as placement within Employ Florida, additional steps were added that must be completed prior to the manual adjustment.

DEO began monitoring against these policies during the 2019-2020 annual programmatic monitoring cycle. The link to the policies, proof of state board approval, and the 2019-20 programmatic monitoring tool is included in the response to Finding 1.2.

In April 2020, the Department renewed the contract with the vendor that maintains the State of Florida's labor exchange functions Employ Florida. To specifically address the concern for actions performed on the customer's account without their knowledge or consent, the Department has requested that the vendor develop a system-wide functionality for staff acknowledgement, which will include the appearance of a pop-up screen when staff perform certain system activities. These activities that trigger this acknowledgment are when staff activate accounts, make referrals, and an overall acknowledgement that the customer has agreed to the services being performed. After the staff acknowledges the activity, a case note will be automatically generated by the system to the customer account as evidence of this acknowledgment.

On September 1, 2020, the Department initiated a work ticket with the vendor to receive a quote and timeline for completion. Based on previous change requests similar to this, the Department anticipates the full implementation of this system change by March 2021. The Department will work with the vendor to provide training to the users with training expected to begin soon after the change has been implemented in the system.

Additionally, the Department is developing a dashboard for data validation using the USDOL Quarterly Reporting Analysis (QRA) pilot model. This model will emulate the USDOL pilot program to enable data validation to occur on a quarterly basis but be implemented at the local board level. The LWDB QRA dashboard is expected to be completed and rolled out to the boards by March 2021.

The Department will continue to review the process to enhance the system's internal controls and institute additional safeguards to address changes in business practices and other fraud risks.

1.2 The State and local areas must also review internal policies, processes, and training to ensure that activities permitted under the law are carried out in accordance with the statute, regulations, and ETA guidance. At a minimum, this must include adherence to participant eligibility, job order, and placement requirements and provisions.

DOL RESPONSE: This finding remains UNRESOLVED. ETA acknowledges the efforts the State and Local areas have begun regarding policy and procedure changes and training. However, the following information and clarifications are needed: 1) documentation that demonstrates how the State and local policies collectively and consistently ensure that internal controls are adequate and appropriate to resolve the issues in this finding; 2) confirmation that policies have received board approval and were subsequently implemented; and 3) how the policies will be enforced.

While the State has articulated that some training has occurred, the schedule for the referenced annual statewide training has not yet been provided. This training should be aligned with the internal controls that are needed and revised policies or processes should be put in place that address the problems identified. Thus, the training plan and schedule would need to reflect and correspond to the development and implementation of the policy and procedure changes as noted.

CORRECTIVE ACTION:

In addition to the actions already undertaken and previously documented within the previous responses, the Department has undertaken several changes to address this finding. First, the Department revised three of these administrative policies to address this finding. These policies are included below and the changes to the policies are summarized in the Department's response to Finding 1.1 above:

- *Administrative Policy 96 – Wagner-Peyser Jobseeker Registration* located at http://www.floridajobs.org/docs/default-source/lwdb-resources/policy-and-guidance/guidance-papers/2020-guidance-papers/adminpolicy096_-jobseekerregn---final.pdf?sfvrsn=c08743b0_2
- *Administrative Policy 98 – Wagner-Peyser Employer Services* located at http://www.floridajobs.org/docs/default-source/lwdb-resources/policy-and-guidance/guidance-papers/2020-guidance-papers/adminpolicy098_employersvcs---final.pdf?sfvrsn=c48743b0_2
- *Administrative Policy 99 – Wagner-Peyser Job Orders and Placements* located at http://www.floridajobs.org/docs/default-source/lwdb-resources/policy-and-guidance/guidance-papers/2020-guidance-papers/adminpolicy099_joborders_placements---final.pdf?sfvrsn=5a8643b0_2

These policies serve as detailed directives to local areas on how the state will evaluate and monitor the provision of these services. These policies were approved by the State Board of Directors on February 20, 2020, as noticed and copies of the policies included

in the February 20, 2020 meeting packet located at https://careersourceflorida.com/wp-content/uploads/2020/02/200220_BODAgenda.pdf and approved as evidenced on page 8 within section titled “Strategic Policy and Performance Council Update” of the February 20, 2020, Board Minutes at https://careersourceflorida.com/wp-content/uploads/2020/06/Feb.2020_Final_Approved_Minutes.pdf.

The Department has undertaken additional changes to *Administrative Policy 96 – Wagner-Peyser Jobseeker Registration* to strengthen language around the appropriate use of pseudo social security numbers. The revised policy is expected to be presented to the State Board for approval at the December 2020 board meeting.

The Department has hosted or will host training sessions on the three above named policies approved by the State Board in February 20, 2020 with training held on the following dates:

- September 29, 2020 and October 1, 2020 - *Administrative Policy 96 – Wagner-Peyser Jobseeker Registration*
- September 29, 2020 and October 1, 2020 - *Administrative Policy 98 – Wagner-Peyser Employer Services*
- September 29, 2020 and October 1, 2020 - *Administrative Policy 99 – Wagner-Peyser Job Orders and Placements*

After the trainings have been conducted, the training materials will be made available as a resource for all of the LWDBs. Within 180 days of the state conducting their training on these policies, the LWDB will be required to update, align, and receive local board approval on local policies developed to align with the three above named policies approved by the State Board. The Department’s policy and guidance team will review updated local policies for compliance with federal and state requirements within 90 days of the LWDBs updating its policies.

The Department began monitoring against these policies during the 2019-20 annual programmatic monitoring cycle. A copy of the updated programmatic monitoring tool, is located <http://www.floridajobs.org/local-workforce-development-board-resources/program-monitoring-and-reports/Programmatic/Tools>. The programmatic monitoring team will ensure all boards are following the requirements outlined in their policies when conducting the 2020-21 annual programmatic monitoring and are in the process of enhancing the programmatic monitoring tool to include interviews with staff, jobseekers and employers to ensure state policies and local operating procedures are being followed.

1.3 The State should assess and determine the impact of falsified placements on performance data. The State must report results of this assessment and FLDEO must work with the ETA performance team to determine how to adjust reporting and statistical models appropriately.

DOL RESPONSE: ETA acknowledges the State’s response and accepts the request for technical assistance. ETA plans to work with DEO to develop a technical assistance plan that helps the State to resolve this finding. Additionally, as noted in response to DEO’s sections 1.1 and 1.2 of this finding, the State has not yet provided evidence of effective and adequate policies and internal controls to prevent future falsification of records. To develop and implement an overall technical assistance plan, including determining data validation, data accuracy, and reporting actions related to performance, ETA is requiring that the State works directly with the regional office. As part of the development and implementation of a technical assistance plan, ETA proposes to establish a formal series of teleconference meetings that are highly focused and concentrated to determine the most appropriate resolution. This finding remains UNRESOLVED.

CORRECTIVE ACTION:

It is the Department’s understanding and belief that during the technical assistance calls conducted by USDOL, USDOL concluded that the Department would not be required to adjust historical reporting and statistical models, but through other corrective action ensure the accuracy and validity of future reporting submitted to USDOL. If the Department’s understanding of the resolution of this finding is incorrect, the Department is prepared to work directly with the regional office to determine the most appropriate resolution.

2 Finding 2: Lack of Documented Program and Service Eligibility for On-the Job Training (OJT) Participants

2.1 The local areas must abide by eligibility requirements of the OJT program and ensure that their policy, instructions, and processes comply with the criteria for program eligibility.

DOL RESPONSE: This finding remains UNRESOLVED. ETA acknowledges the local areas’ proposed changes, draft policies, as well as DEO’s anticipated actions in response to OJT program eligibility compliance. However, actions taken to date are insufficient to resolve this finding. The State did not provide evidence to confirm the described actions have been fully implemented, including evidence of the boards’ approval of draft policies. Until all required actions are finalized, and corrective actions are implemented, reviewed, and receive Regional Office concurrence as being sufficient to promote consistent compliance across both local areas, this finding will remain open.

CORRECTIVE ACTION:

In addition to the actions already undertaken and documented within the previous responses, the Department and both LWDBs have undertaken steps to address this finding. First, the Department amended *Administrative Policy 009 – On-the-Job Training* in May 2019, which was approved by the State Board of Directors on February 20, 2020. The policy is located at http://www.floridajobs.org/docs/default-source/lwdb-resources/policy-and-guidance/guidance-papers/2020-guidance-papers/adminpolicy009_on-the-jobtraining---

[final.pdf?sfvrsn=b18143b0_2](#), and the changes to the policy to address this finding are summarized below:

- Updated the definition of the on-the-job-training (OJT) to align with 20 CFR 680.110(a) and WIOA sec. 134(c)(3)(a).
- Included additional definitions used the policy to ensure a clear understanding of the requirements of an OJT program in compliance with WIOA.
- Added a detailed list of eligibility requirements, including occupations or job types suitable for OJT in compliance with WIOA law.
- Added a specific list of requirements that must be in a OJT contract.
- Added the requirement for the local area to visit at least once a year each worksite where an OJT participant is placed.
- Added acceptable and prohibited uses of the OJT funds paid to the employer for the participant.
- Included specific circumstances where a reverse referral is permitted for OJT.

CareerSource Pinellas amended its OJT policy to align with the State Board policy and received board approval on the amended OJT policy on November 20, 2019. As evidence of the board approval, see the board minutes located at <https://careersourcepinellas.com/wp-content/uploads/2020/01/2019.11.20-BOD-Minutes.pdf>.

CareerSource Tampa Bay amended its OJT policy twice to address the concerns raised by USDOL and align its policy with the process approved by the State Board. The first amendment was approved by the board on July 18, 2019 with the second amendment being approved by the board on May 21, 2020. Evidence of the board approving the first revised policy on July 18, 2019 is within the Meeting Agenda located at <https://www.careersourcetampabay.com/wp-content/uploads/2019/08/BOD-7-18-19-Committee-Meeting-Agenda-Packet.pdf> and in the meeting minutes located at <https://www.careersourcetampabay.com/wp-content/uploads/2019/10/2019-07-18-BOD-Minutes-approved-9-19-19-BOD-mtg.pdf>. Evidence of the board approving the second revised policy on May 21, 2020 is within Consent Agenda #13 in the Meeting Agenda located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/05/BOD-5-21-2020-Agenda-Packet.pdf> and in the meeting minutes located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/07/2020-5-21-BOD-Minutes-approved.pdf>.

Revisions to CareerSource Tampa Bay's OJT policy are summarized below:

- The definition of OJT was revised to more clearly document the purpose of the OJT program;
- The definition of initial assessment was revised to clearly articulate the purpose of the assessment and online assessments offered by the board;
- Clarified the types of expenditures that cannot be paid for with the funds provided by the OJT program;
- Requirement that the OJT Training Plan must be agreed upon and signed by the employer and CareerSource Tampa Bay with the IEP/Career Plan signed by CareerSource Tampa Bay staff and the customer as evidence of the OJT service;

- Revised the conflict of interest to include a prohibition on the OJT participant from being directly supervised by an immediate family member;
- Clarified the definition of reverse referrals and requirement that the individual must have an individual career plan/service strategy indicating the necessity of the training for the individual to perform the work associated with the position and the employer must not make or have made a hiring decision prior to the participant becoming eligible for the OJT services;
- Clarified that an individual must have an IEP with a list of service strategies and other requirements to be included in the IEP;
- Revision of the activities and recording of worksites in Employee Florida;
- Listed the required documents in order for processing of payments for OJT participants;
- Added details to the requirements for monitoring each site visit and documentation of this visit;
- Clarified the definition of supportive services and the requirement for the need for the supportive services to be documented in the individual service strategy; and
- Revision to the minimum hourly rate for an OJT position to align with the minimum wage rate for the paid work experience.

2.2 The local areas should provide training for all staff, both case managers and Business Services staff. Both local areas must ensure the staff understand the requirements and intent of OJT, including how to communicate and explain the program to employers.

DOL RESPONSE: This finding remains UNRESOLVED. The State did not provide evidence that corrective actions described have been fully approved by the board, including evidence of the boards’ approval of draft policies and system-wide implementation. The finding will remain open until all required actions are finalized, and corrective actions are implemented, reviewed, and receive Regional Office concurrence as being sufficient to promote consistent compliance across both local areas.

CORRECTIVE ACTION:

Administrative Policy 009 – On-the-Job Training was amended in May 2019 and approved by the State Board of Directors on February 20, 2020, as noticed and copies of the policies included in the February 20, 2020 meeting packet located at https://careersourceflorida.com/wp-content/uploads/2020/02/200220_BODAgenda.pdf and approved as evidenced on page 8 within section titled “Strategic Policy and Performance Council Update” of the February 20, 2020, Board Minutes at https://careersourceflorida.com/wp-content/uploads/2020/06/Feb.2020_Final_Approved_Minutes.pdf.

The Department has hosted or will host training sessions on *Administrative Policy 009 – On-the-Job Training*, approved by the State Board in February 20, 2020, with training held on the following dates:

- September 29, 2020

- October 1, 2020

CareerSource Pinellas fully adopted the State Board’s *Administrative Policy 009 – On-the-Job Training* as-is own as documented in the response to Finding 2.1. CareerSource Pinellas then held an in-person training on December 13, 2019 with its staff to inform and instruct them on the new policy. Proof of training including attendance logs and training materials evidencing the completion of the training is included in Attachment 2.2A.

CareerSource Tampa Bay revised its OJT policy as documented in the response to Finding 2.1. To train staff on the revised OJT policy, CareerSource Tampa Bay provided in-person training on the 2019 board approved OJT policy on August 16, 2019. See Attachment 2.2B for training agenda, training materials, and sign-in sheets evidencing attendance. Due to minimal number of revisions on the 2020 board approved OJT policy, CareerSource Tampa Bay emailed staff on May 27, 2020 to alert them of the new policy, placed the policy on a server for employees to access, recorded a video to review the recent changes and placed this video in Teams for them to access and review, and required all staff to sign a training acknowledgment form once training had been completed. See Attachment 2.2C for the email, pre-recorded training video, and training acknowledgment forms from the staff.

The programmatic monitoring team will ensure all boards are following the requirements outlined in its policies when conducting the 2020-21 annual programmatic monitoring and are in the process of enhancing the programmatic monitoring tool to include interviews with staff, jobseekers and employers to ensure state policies and local operating procedures are being followed.

2.3 The LWDAs must reevaluate and revise, as necessary, their current local OJT policy on assessing participants and developing documentation that supports the need for OJT training. This should include the use of assessment results, Individual Employability Plans (IEPs), case notes, and follow-up services to support the need for training and to ensure the participants' success in the program.

DOL RESPONSE: This finding remains UNRESOLVED. DEO’s anticipated actions in response to OJT program eligibility compliance are still ongoing; and draft policies have not been finalized, approved, and implemented to demonstrate that all actions taken are sufficient to resolve the finding. Until all required actions are finalized, and corrective actions are implemented, reviewed, and receive Regional Office concurrence as being sufficient to promote consistent compliance across both local areas, this finding will remain open.

CORRECTIVE ACTION:

Corrective Action for Findings 2.2 through Finding 2.5 have been combined under the response to Finding 2.2. Please see the Department’s response to Finding 2.2 for more information.

- 2.4 FLDEO must work with the local areas to ensure that all program participants have documented assessments, present a need for OJT services with a well-developed IEP to support enrollment in program activities.**

DOL RESPONSE: This finding remains UNRESOLVED. ETA acknowledges the State's actions in response to OJT program eligibility compliance. However, the State did not provide evidence to confirm the described actions have been fully implemented, including evidence of the boards' approval of draft policies. Until all required actions are finalized, and corrective actions are implemented, reviewed, and receive concurrence from the Regional Office as being suitable to promote consistent compliance across both local areas, this finding will remain open.

CORRECTIVE ACTION:

Corrective Action for Findings 2.2 through Finding 2.5 have been combined under the response to Finding 2.2. Please see the Department's response to Finding 2.2 for more information.

- 2.5 The local area staff must verify that all required actions are recorded, legible, accurate upon enrollment, and implemented in full compliance with program eligibility requirements.**

DOL RESPONSE: This finding remains UNRESOLVED. ETA acknowledges the local areas' changes, draft policies, as well as DEO's anticipated actions in response to OJT program eligibility compliance. However, the State did not provide evidence to confirm the described actions have been fully implemented, including evidence of the boards' approval of draft policies. Until all required actions are finalized, and corrective actions are implemented, reviewed, and receive concurrence from the Regional Office as being suitable to promote consistent compliance across both local areas, this finding will remain open.

CORRECTIVE ACTION:

Corrective Action for Findings 2.2 through Finding 2.5 have been combined under the response to Finding 2.2. Please see the Department's response to Finding 2.2 for more information.

- 2.6 FLDEO must review and determine that participants enrolled in the OJT program from July 1, 2013, through June 30, 2018, were eligible and suitable for the OJT program by following WIOA requirements. Reimbursement payments made to employers for OJT program services during the period July 1, 2013, through June 30, 2018, in the amount of \$9,753,923.75 are questioned and subject to disallowance.**

DOL RESPONSE: The finding remains UNRESOLVED. Recalculation of questioned cost is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve this finding when all corrective actions, including a timeline, are developed, implemented, and

reviewed by ETA. ETA must be provided with documentation supporting that participants enrolled in OJT program between July 1, 2013 through June 30, 2018, were eligible and suitable for the OJT program, in accordance with WIOA requirements. Reimbursement payments made to employers for OJT program services during this period are subject to disallowance unless, adequate documentation is provided.

CORRECTIVE ACTION:

Recognizing the tremendous amount of time and additional resources that would be required to test all OJT transactions between July 1, 2013 through June 30, 2018, DOL permitted the Department to review the WIOA eligibility and compliance for 100% of OJT transactions in CareerSource Pinellas and CareerSource Tampa Bay that occurred during July 1, 2016 through June 30, 2017. The results of this review would be extrapolated to the remaining years to determine the total costs that would be disallowed.

Due to the volume of participant files to review by September 30, 2020, the Department has outsourced this work to the accounting firm Carr, Riggs, and Ingram, CPA. However, prior to the start of the engagement, the Department’s programmatic monitoring team created a monitoring checklist based on WIOA compliance requirements to ensure the vendor had the tools necessary to perform testing in compliance with the federal regulations that govern the transactions. The Department held multiple training sessions and meetings to discuss issues and resolutions and provided direct oversight of the vendor to ensure that the work performed is of the same quality as if the work had been completed by Department staff.

The results of this testing are as follows:

OJT Population				
	CareerSource Pinellas		CareerSource Tampa Bay	
Initial Population of Transactions	491		811	
Initial Population Amount Paid	\$ 919,555.55		\$ 1,384,883.75	
Non-WIOA Transactions Excluded	235		398	
Non-WIOA Transactions Excluded Amount Paid	\$ 455,573.04		\$ 718,508.28	
WIOA Transactions Subjected to Testing	256		413	
WIOA Transactions Subjected to Testing Amount Paid	\$ 234,530.00		\$ 666,375.47	
Total Individual Exceptions	59		226	
Total Transactions with Exceptions	34		157	
Total Transactions with Exceptions Amount Paid	\$ 69,066.60		\$ 261,052.28	
	29.45%		39.17%	
Total Questioned Cost	\$ 69,066.60		\$ 261,052.28	
	29.45%		39.17%	

For Carr, Riggs, and Ingram, CPA’s full report, see Attachment 2.6.

3 Finding 3: Supportive Services Payments Potentially Issued to Ineligible Participants

3.1 Both CareerSource Tampa Bay and CareerSource Pinellas must develop supportive services policies and procedures that include appropriate assessment of participant need for supportive services and establish a supportive services system that provides for assistance in the actual amount of need.

DOL RESPONSE: This finding remains UNRESOLVED. While the CareerSource Tampa and Pinellas County have developed a corrective action plan to address this finding, the actions have not yet been implemented, nor do they identify the required safeguards of federal funds. This finding will remain unresolved until all proposed actions are implemented, and the Regional Office confirms said implementation.

CORRECTIVE ACTION:

The Department has recently revised the grantee-subgrantee agreement, which is the master agreement between the Department and the local workforce development boards (LWDB). The grantee-subgrantee agreement provides governing guidelines for the administration of workforce programs managed by LWDBs and establishes terms and conditions that LWDBs must agree and adhere to in order to receive federal and state workforce funds. The Department added requirements surrounding supportive service policies and payments within paragraph 3.c.e, which became effective July 1, 2020, and states as follows:

“By signature below the Subrecipient certifies that is has written administrative procedures, processes, and fiscal controls in place for the payment of supportive services including, but not limited to prepaid gas and/or prepaid debit cards. Controls must address issuance, storage, and reconciliation of prepaid gas or prepaid debit cards. Subrecipient must maintain documentation supporting the eligibility of the receipt of supportive services and that the value of the supportive service is consistent with the documented need of the participant.”

See Attachment 3.1A for CareerSource Pinellas and CareerSource Tampa Bay’s executed grantee-subgrantee agreements.

CareerSource Pinellas amended its procedures on July 2, 2018 and clarified to staff that supportive services must be based on need, as documented in an email from Jennifer Brackney, CEO of CareerSource Florida. Further, CareerSource Pinellas updated its supportive service desk guide (WIOA-27) in December 2019 and made the following significant changes to address concerns brought forth by USDOL:

- All eligible participants must state need in the form of a Participant Statement of Need that is signed by the participant and staff member;
- Participants must be present to receive all services; transportation support services can never be mailed;

- Mileage determination for participants in the participants training activity must be documented and in the electronic file prior to the first supportive service issuance for transportation;
- Transportation support will not exceed \$50 per a moth and \$700 per a year without hardship that must be approved in writing by CEO or his/her designee of CareerSource Pinellas;
- Steps to determine if a participant is eligible for supportive services; and
- Usage of visa gift card are for transportation costs with all other supportive services payments made directly to the vendor providing the services.

CareerSource Pinellas is currently revising its board approved supportive services policy and will present the policy to its board during the next meeting held on November 22, 2020. Evidence to support the termination of supportive services as incentives and supportive service desk guide at Attachment 3.1B.

CareerSource Tampa Bay revised its Supportive Service Policy, which was approved by the board May 21, 2020, and officially eliminated incentive payments as a supportive service for all OJT participants except WIOA Youth, which is allowable per 20 CFR 681.640. In addition to the elimination of incentive payments to participants other than WIOA Youth, CareerSource Tampa Bay also made the following significant changes to address concerns brought forth by USDOL:

- Updated the purpose of supportive services;
- Updated the eligibility for an individual to receive supportive services and examples of acceptable services;
- Revised the information required to be documented within the individual's case file as evidence of the supportive service need and the services provided;
- Amended the supportive service limitations and restrictions to ensure proper use of the federal funds;
- Prohibited the mailing of supportive services to participants;
- Revised the policy to include separation of duties in the request and distribution of supportive services to participants; and
- Included procedures to provide safeguards and internal controls surrounding the storage, distribution, and reconciliation of the prepaid inventory.

See the May 21, 2020 board meeting packet containing the revised supportive service policy is included in Consent Agenda #16 located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/05/BOD-5-21-2020-Agenda-Packet.pdf> and the board minutes evidencing CareerSource Tampa Bay's board approval located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/07/2020-5-21-BOD-Minutes-approved.pdf>.

While CareerSource Pinellas and CareerSource Tampa Bay have revised the respective local supportive services desk guides and/or policies, the Department will ensure that these documents align with the elements included in the state's supportive services policy within 90 days after it is adopted by the State Board.

3.2 Both local areas must also document that they expended funds based on actual participant need. The gas/VISA cards issued in both local areas for supportive services from July 1, 2013, through June 30, 2017 in the amount of \$5,449,113 are questioned and subject to disallowance.

DOL RESPONSE: This finding remains UNRESOLVED. The supportive service policy and procedures, as well as the tools established to award and track expenditures, do not meet the requirements of WIOA and do not establish the necessary safeguards to account for the award of supportive service payments. Specifically, incentive payments are not allowable costs under 20 CFR 680.900-910. While the revision to the supportive service policy is more comprehensive, it still does not calculate the amount of supportive services a participant should receive based on the actual needs of the participant. Other areas not addressed include: the lack of a requirement to provide documentation regarding supportive service payments; and the requirement for documentation verifying that the supportive service payments were properly expended by recipient. Also, the policy describes the issuance of Visa cards to pay for participant needs, however, there is no control in place to ensure that the Visa cards are used to pay for the requested needs.

ETA will close this finding after the grantee implements a comprehensive system of policy and procedures which ensure that: supportive services are based on actual need; proper documentation is provided; and payments are used for allowable activities under WIOA.

CORRECTIVE ACTION:

Recognizing the tremendous amount of time and additional resources that would be required to review all supportive services transactions between July 1, 2013 through June 30, 2017, DOL permitted the Department to review the WIOA eligibility and compliance for 100% of supportive service transactions in CareerSource Pinellas and CareerSource Tampa Bay that occurred during July 1, 2016 through June 30, 2017. The results of this review would be extrapolated to the remaining years to determine the total costs that would be disallowed.

Due to the volume of participant files to review by September 30, 2020, the Department has outsourced this work to the accounting firm Carr, Riggs, and Ingram, CPA. However, prior to the start of the engagement, the Department's programmatic monitoring team created a monitoring checklist based on WIOA compliance requirements to ensure the vendor had the tools necessary to perform testing in compliance with the federal regulations that govern the transactions. The Department held multiple training sessions and meetings to discuss issues and resolutions and provided direct oversight of the vendor to ensure that the work performed is of the same quality as if the work had been completed by Department staff.

The results of this testing are as follows:

Supportive Services Population

	CareerSource Pinellas		CareerSource Tampa Bay	
Initial Population of Transactions	6,728		12,602	
Initial Population Amount Paid	\$ 407,990.00		\$ 895,688.00	
Non-WIOA Transactions Excluded	3,658		5,534	
Non-WIOA Transactions Excluded Amount Paid	\$ 173,095.00		\$ 385,140.00	
WIOA Transactions Subjected to Testing	3,030	100%	7,068	100%
WIOA Transactions Subjected to Testing Amount Paid	\$ 231,155.00		\$ 510,548.00	
Transactions Untested due to Inability to Access File Documentation	40	1.32%	0	0.00%
Transactions Untested Amount Paid	\$ 3,740.00	1.62%	\$ -	0.00%
Total Individual Exceptions	133		373	
Total Transactions with Exceptions	115	3.80%	315	4.46%
Total Transactions with Exceptions Amount Paid	\$ 10,015.00	4.33%	\$ 23,450.00	4.59%
Total Questioned Cost	\$ 10,015.00	4.33%	\$ 23,450.00	4.59%
Transactions Untested due to Inability to Access File Documentation	\$ 3,740.00	1.62%	\$ -	0.00%
Total Questioned and Untested Costs	\$ 13,755.00	5.95%	\$ 23,450.00	4.59%

For Carr, Riggs, and Ingram, CPA’s full report, see Attachment 2.6

Additionally, the Department has drafted a state-level supportive service policy that is expected to be finalized and presented to the State Board for approval at the December 2020 board meeting. The Department’s policy is summarized below:

- Included the eligibility qualifications to receive a supportive service;
- Described the requirements of the supportive services must meet a financial need
- Included a list of expenses that are allowable and prohibited as supportive services in compliance with WIOA;
- Described the documentation required for the reimbursement of expenses incurred by the participants that qualify as a supportive service;
- Included a priority of service
- Described required elements to be included in each local area’s supportive service policy;

Upon approval of the supportive services policy by the State Board, the Department will host two webinars to provide training on the state’s supportive services policy by January 31, 2021. Within 180 days of the state conducting their training on this policy, all LWDBs will

be required to update, align, and receive local board approval on local policies developed to align with this State Board approved policy. The Department' policy and guidance team will review updated local policies for compliance with federal and state requirements within 90 days of the LWDBs updating its policies. The Department will begin monitoring the LWDB's compliance with its policy beginning with the 2021-22 program year.

4 Finding 4: Improper Business Services Staff Incentive Compensation

4.1 The structure of the incentive plans in place emphasized performance results in ways that contributed to unethical behavior and the fabrication of records that the two local areas should not have reported as positive outcomes. The LWDBs must put the incentive plans on hold until the issues identified in this report are resolved.

DOL RESPONSE: This finding remains UNRESOLVED. The State's response indicates that CareerSource Tampa Bay discontinued incentive payments for business services staff in August 2018. However, no documentation was provided to validate the discontinuation of incentive payments to CareerSource Tampa Bay business services staff.

CORRECTIVE ACTION:

Both CareerSource Pinellas and CareerSource Tampa Bay have discontinued the usage of incentive payments to staff in 2018. CareerSource Pinellas' and CareerSource Tampa Bay's Board of Directors approved to discontinue incentive payments during the September 18, 2018 and July 18, 2018 board meetings, respectively. Evidence of CareerSource Pinellas Board of Directors voting to discontinue incentive payments is included under Action Item 3 within the September 18, 2018 board minutes located at <https://careersourcepinellas.com/wp-content/uploads/2019/01/BOD-Minutes-09-18-2018.pdf>. Evidence of CareerSource Tampa Bay Board of Directors voting to discontinue incentive payments is located within the July 19, 2018 board minutes located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/09/2018-07-19-Board-of-Directors-Minutes.pdf>.

4.2 Additionally, the LWDBs should review and revise these benefits to ensure that costs are reasonable, necessary for the performance of the award, and are a prudent use of federal funds.

DOL RESPONSE: This finding remains UNRESOLVED. In response to the finding, the State provided information regarding ongoing corrective actions and noted that both CareerSource Pinellas and CareerSource Tampa Bay have discontinued incentive payments to business services staff to address the finding. However, a timeline was not provided for implementing all associated actions to ensure that business services staff compensation costs are reasonable, necessary for the performance of the award, and are a prudent use of federal funds.

CORRECTIVE ACTION:

The Department has submitted evidence of board approval by both CareerSource Pinellas and CareerSource Tampa Bay discontinuing incentive awards to business service staff under Finding 4.1. To address DOL's concern of reasonableness of the compensation of business service staff, both CareerSource Pinellas and CareerSource Tampa Bay have hired a consultant to determine reasonable pay rates for these staff positions and have increased the base pay, when only necessary due to discontinuance of incentive payments. The LWDBs corrective action is described in detail below:

CareerSource Pinellas

In February 2019, CareerSource Pinellas hired hrEdge Consulting to perform a compensation review with the final compensation report approved by the Board of Directors on June 5, 2019. Evidence of the completion of the report is included as Attachment 4.2A and the board minutes evidencing approval of the board are located under Action Item 12 at <https://careersourcepinellas.com/wp-content/uploads/2019/07/BOD-Minutes-06.05.19.pdf>.

CareerSource Tampa Bay

In July 2019, CareerSource Tampa Bay engaged the consulting firm Compensation Resources to perform a compensation and benefits analysis. The consulting firm was hired to perform a market analysis on the current salary structure, perform a staff survey, and review CareerSource Tampa Bay's benefit structure in comparison to the market. Evidence of the completion of the report is included as Attachment 4.2B and the board minutes evidencing approval of the report at the October 31, 2019 meeting are located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/03/2019-10-31-FC-Minutes-Approved-1-3-2020.pdf>.

Additionally, during the 2019-20 program year, the Department included the review of bonus/performance bonuses, salary increases, merit increase, and pay incentives for all board staff to ensure the additional costs are reasonable, necessary and a prudent use of federal funds. See payroll testing under Procedure Number 8 within the 2019-20 Financial Monitoring Tool located at http://www.floridajobs.org/docs/default-source/division-of-finance-and-administration/financial-monitoring-and-accountability/tools-and-templates/2019-20-financial-monitoring-tool.pdf?sfvrsn=2b737eb0_2 and 2019-20 Monitoring Schedule located at http://www.floridajobs.org/docs/default-source/office-of-workforce-services/review-tools/2018-2019/final-monitoring-schedule-py-2019-20.pdf?sfvrsn=81c441b0_2. The joint programmatic and financial monitoring report for CareerSource Pinellas and CareerSource Tampa Bay is expected to be complete in October 2020 and will be provided to DOL after issuance.

- 4.3 While making sure to follow union agreements and local employment laws, the State should work with both local areas to reprimand or terminate employees who falsified records.**

DOL RESPONSE: This finding remains UNRESOLVED. DEO should provide a corrective action plan and timeline in order to fully address this finding.

CORRECTIVE ACTION:

The management that directed the behavior to both CareerSource Pinellas and CareerSource Tampa Bay are no longer employed by either board. Both LWDBS have revised procedures and policies, such as the whistleblower, grievance, and OJT policies, in compliance with WIOA and State Board policies, provided training to staff on new policies as evidenced in the response to the specific findings, and have eliminated bonus programs that would incentivize staff to falsify records to attain the incentive.

4.4 For the period of July 1, 2013 to June 30, 2017, ETA questions the Business Services staff incentives totaling \$2,031,886.12, subject to disallowance.

DOL RESPONSE: This finding remains UNRESOLVED. Recalculation of questioned costs is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve the finding when all corrective actions, including a timeline are developed, implemented, and reviewed by ETA. Additionally, all documentation must be provided to support that incentive payments made to business services staff between July 1, 2013 and June 30, 2017, were reasonable, necessary for the performance of the award, and were a prudent use of federal funds. This incentive compensation to business services staff is subject to disallowance unless it is supported with documentation to validate that these payments were reasonable, necessary for the performance of the award, and were a prudent use of federal funds

CORRECTIVE ACTION:

Due to the COVID-19 pandemic, Department did not have sufficient resources to review all business incentive transactions for both CareerSource Pinellas and CareerSource Tampa Bay occurring between July 1, 2013 and June 30, 2017 in time to include the outcome in the Corrective Action Plan. Instead, the Department has chosen to utilize the work and results of agreed-upon-procedure performed by an independent accounting firm and extrapolate the results to the remaining years.

Prior to 2018, CareerSource Pinellas was the employer of record for the employees that dually worked on both CareerSource Pinellas and CareerSource Tampa Bay business. Due to the concerns raised by USDOL, CareerSource Pinellas procured the audit services of Powell & Jones, Certified Public Accountants to perform agreed-upon procedures regarding the staff's compliance with the LWDB's internal controls, federal regulations and state laws. The "Independent Accountant's Report on Applying Agreed-Upon Procedures" was issued by Powell & Jones, Certified Public Accountants on June 22, 2018 and is included as Attachment 4.4 to this report.

Per the report, CareerSource Pinellas established an incentive program for its employee recruiters and account executives beginning July 1, 2016. Through the program, employees were incentivized to earn up to \$1,000 a month for a maximum of \$12,000 a year of additional compensation to meet his or her goal in four to six different categories. However, if the employee failed to achieve 70% in one of his or her performance metrics, he or she was not eligible to receive the incentive pay for the corresponding month. The policy permitted the Director of Business Services to approve the employee to receive a higher amount than what was earned, if it was deemed appropriate by the Director.

Effective August 1, 2017, the program was amended to provide up to \$1,400 a month instead of up to \$1,000 a month and the employee would receive the amount of incentive funds earned and would no longer be prohibited from receiving any funds if the employee had failed to achieve 70% of his or her performance metric. The Director of Business Services continued to have the power to override the calculation and award a higher incentive amount than what was earned, if the Director deemed it appropriate.

The auditor utilized sampling to test 25 employees to ensure the incentive payments given were based upon the calculation, did not exceed the monthly maximum, were calculated in the same manner, and if exceptions were made to award a higher amount of incentive than what was earned, there was clear documentation evidencing the Director of Business Services approval.

Based upon testing performed, the auditor found that under the original parameters of the program, there were 48 instances or 65% of employees who did not achieve the 70% performance level; however, the employee was awarded a higher amount without documentation existing to support the adjustment. After the program amendment, any increase in pay was documented on the summary report with a brief explanation for the adjustment in the incentive awarded.

While the auditor did not provide the exact amount or percentage of incentive awards that did not meet the program parameters for the entire period tested, the Department believes that the utilization of the 65% error rate is reasonable and should be applied to the other program years to determine the amount of disallowed costs.

5 Finding 5: Improper Executive Director and Management Compensation Salary Increases

5.1 The CareerSource Tampa Bay and CareerSource Pinellas LWDBs should have ensured that they paid salary increases and cost of living adjustments in accordance with each entity's personnel policy and procedures.

DOL RESPONSE: This finding remains UNRESOLVED. While several corrective action steps toward resolution have occurred, complete documentation regarding these actions must be provided to ETA for review and concurrence to ensure they establish sufficient controls regarding payroll transactions and personnel actions involving employee compensation.

CORRECTIVE ACTION:

The Department has recently revised the grantee-subgrantee agreement and has required all agreements to not only approved by the LWDB's Board of Directors as evidenced by the signature of the LWDB's Board Chair but also by acknowledged by the chief elected official as evidenced by the chief elected official's signature.

To address the lack of consistent board approval for increases in compensation for executive staff in CareerSource Pinellas and CareerSource Tampa Bay, the Department revised the grantee-subgrantee agreement, which became effective July 1, 2020, to require evidence of board approval and compliance with the board's policies and procedures for all changes to executive staff compensation. The specific language, included in paragraph 11.b. of the grantee-subgrantee agreement reads as follows:

“No changes to compensation for executive staff of the Board are allowed without documented Board approval and must be in alignment with local policies and procedures. The Board shall ensure that all bonuses, pay raises, and benefits are reasonable and necessary for the successful performance of the award and are a prudent use of federal funds.”

See Attachment 3.1A for CareerSource Pinellas and CareerSource Tampa Bay's executed grantee-subgrantee agreements.

CareerSource Pinellas created salary ranges for each job title that was approved by Board of Directors during a meeting held June 5, 2019. See Attachment 5.1 for a copy of the salary ranges by job title. CareerSource Pinellas also amended its *Authorization of Bonus and Pay Raise Policy*, which was approved by the board on March 18, 2020, to require the Board to approve the budget, performance evaluations, bonuses, pay ranges, and benefit stipends.

Evidence of the creation of salary ranges is located within the June 5, 2019 meeting minutes located at <https://careersourcepinellas.com/wp-content/uploads/2019/07/BOD-Minutes-06.05.19.pdf>. Evidence of board policy is located within the Meeting Packet at <https://careersourcepinellas.com/wp-content/uploads/2020/03/2020.03.18-BOD-Packet-R3.pdf> with evidence of board approval located at <https://careersourcepinellas.com/wp-content/uploads/2020/05/BOD-Minutes-3.18.20.pdf>.

CareerSource Tampa Bay amended its *Salary Administration Policy*, which was approved by the board on January 16, 2020, to more clearly define and outline the process for pay raises to ensure new salary is in line with salary band for position. Evidence of the board policy is located within the Meeting Packet at <https://www.careersourcetampabay.com/wp-content/uploads/2020/01/BOD-Meeting-1-16-2020-Agenda-Packet-1.pdf> with evidence of the board approval located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/03/2020-1-16-BOD-Minutes-approved-3-19-2020.pdf>.

- 5.2 The CEO's salary increased seven (7) times between September 2006 and December 2017 without formal approval by the CareerSource Pinellas or CareerSource Tampa Bay. Costs totaling \$408,487, equivalent to the increase in salary not formally approved by the LWDBs, are therefore questioned and subject to disallowance.**

DOL RESPONSE: This finding remains UNRESOLVED. Recalculation of questioned costs is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve this finding when all documentation regarding compensation paid to the CEO/President is provided to ETA for final review. Any compensation paid to this individual will be subject to disallowance unless it is supported by board approval, via vote, and validation that it was compliant with the entity's personnel policy regarding compensation.

CareerSource Pinellas and CareerSource Tampa Bay must provide documentation of the implementation of new personnel policies and procedures put in place to prevent unauthorized pay raises and bonuses to staff. Acceptable documentation is inclusive of: accurate position descriptions; wage levels of all positions at both entities; comprehensive personnel policies governing all staff; processes related to annual performance award bonuses; and the establishment of an independent human resources department to oversee staff pay and personnel issues.

CORRECTIVE ACTION:

To calculate the disallowed costs, the Department has reviewed the former CEO's personnel file, board meeting minutes, evaluation forms, payroll reports, and W-2 statements to justify the salary increases given between September 2006 and December 2017. As a result of this review, the Department has identified \$22,296 of salary increases that appear to lack board approval. See Attachment 5.2 for the Department's calculation of the disallowed cost and supporting documentation.

For corrective action undertaken by CareerSource Pinellas on the revision and adoption of new personnel policies, establishment of wage levels by job title and human resources department, and amendment or adoption of compensation policies, see the steps outlined in the response to Finding 5.3.

- 5.3 In addition, bonuses paid to four (4) individuals, totaling \$59,430, are questioned and subject to disallowance, since they exceeded reasonable salary increases approved by the LWDBs. These four individuals also received substantial salary increases in addition to the annual bonuses.**

DOL RESPONSE: This finding remains UNRESOLVED. Recalculation of questioned costs is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve this finding when all documentation regarding compensation paid to the staff is provided to ETA for final review. Any compensation paid to the four (4) individuals referenced will be subject to disallowance, unless it is supported by and compliant with approved compensation policies and procedures.

CareerSource Pinellas and CareerSource Tampa Bay must provide documentation of the implementation of new personnel policies and procedures prohibiting unauthorized pay raises and bonuses to staff. Acceptable documentation is inclusive of: accurate position descriptions; wage levels of all positions at both entities; comprehensive personnel policies governing all staff; processes related to annual performance award bonuses; and the establishment of an independent human resources department to oversee staff pay and personnel issues.

CORRECTIVE ACTION:

Prior to 2018, CareerSource Pinellas was the employer of record for the employees that dually worked on both CareerSource Pinellas and CareerSource Tampa Bay business. CareerSource Pinellas provided the Department payroll reports for 3 of the 4 individuals with compensation subject to disallowance. The Department noted that none of these individuals are currently employed with the board. While it was determined that two of the employees received bonuses, which were approved by the board, that were approximately 5% of his or her salary, the increase in salary along with the bonus appear to be excessive.

To address the issues identified in USDOL's report, CareerSource Pinellas has taken or is taking the following corrective action to remedy these issues and prevent future reoccurrence:

- CareerSource Pinellas updated and received board approval on its policy for pay raises and bonuses to staff as documented in the response to Finding 5.1. Please see this finding for additional information.
- CareerSource Pinellas completed a compensation review for all positions, which was approved by the board on June 5, 2019. Please see Finding 4.2 for additional information.
- After competitively procuring the services, CareerSource Pinellas' Board hired the human resource consulting firm Engagement Advisors, which was approved during the June 6, 2018 meeting, to assist the LWDB in transition of staff, analyze the day-to-day operations, identify best practices, and make suggestions for improvements. The contract extension was approved under Action Item 7 by the board during the February 6, 2019 as evidenced by the minutes located at <https://careersourcepinellas.com/wp-content/uploads/2019/06/BOD-Minutes-02-06-2019.pdf>.
- In the September 16, 2020 board meeting, CareerSource Pinellas' Board of Directors meeting included information regarding a RFQ released September 3, 2020 for a human resource consultant to assist in hiring an HR Director, provide oversight and alignment with best practices, provide strategic planning guidance, and offer training to the supervisor/leadership team. The contract was anticipated to begin in late September with termination date of June 2021. As evidence of this action, see the board meeting notice at <https://careersourcepinellas.com/wp-content/uploads/2020/09/2020.09.16-Board-Agenda-Packet-R6.pdf>.

To address the issues identified in USDOL's report, CareerSource Tampa Bay has taken or is taking the following corrective action to remedy these issues and prevent future reoccurrence:

- CareerSource Tampa Bay updated and received board approval on its policy for pay raises and bonuses to staff as documented in the response to Finding 5.1. Please see this finding for additional information.
- CareerSource Tampa Bay completed a compensation review for all positions, which was approved by the board on October 31, 2019. Please see Finding 4.2 for additional information.
- CareerSource Tampa Bay hired the human resource consulting firm My Benefit Partner in June 2018, to assist with updating position descriptions and assist with other human resource duties. The consulting firm continued to provide human resource until October 1, 2019. However, in June 2020, CareerSource Tampa Bay hired a full-time human resources director to oversee the operations.

6 Finding 6: Lack of Staff Grievance Procedures and Equal Opportunity Representation

6.1 The two local areas must ensure grievance procedures and EO representation is available and made known to staff, participants, and other interested parties in the local workforce development system.

DOL RESPONSE: This finding remains UNRESOLVED. ETA will resolve this finding when all corrective actions, including timeline and documentation are provided and reviewed by ETA. The response indicates both CareerSource Pinellas and CareerSource Tampa Bay have completed corrective actions toward compliance with 29 CFR Part 38. However, the documentation provided is not sufficient to determine that internal policies and procedures have been developed and implemented, and subsequently that staff have been trained on these policies and procedures. In addition, the State has not yet provided a timeline as to when updated grievance procedures will be implemented in both local areas. The State must provide source documentation to support that these corrective actions have been fully implemented.

CORRECTIVE ACTION:

CareerSource Pinellas and CareerSource Tampa Bay have completed the following corrective actions:

CareerSource Pinellas

- Amended the Whistleblower, Grievance, and Discrimination Complaint policies and received board approval during the November 20, 2019 board meeting. As evidence of the amendment and approval by the board, the policies are included under Action Item 8 in the meeting agenda located at <https://careersourcepinellas.com/wp-content/uploads/2019/11/2019-11-20-BOD-Agenda-Packet2.pdf> and within the meeting minutes located at <https://careersourcepinellas.com/wp-content/uploads/2020/01/2019.11.20-BOD-Minutes.pdf>.

- Amended the Employee Handbook and received board approval of the revisions during the March 18, 2020 board meeting. Evidence of the revisions and adoption by the board are included under Action Item 2 in the meeting agenda located at <https://careersourcepinellas.com/wp-content/uploads/2020/03/2020.03.18-BOD-Packet-R3.pdf> and in the meeting minutes located at <https://careersourcepinellas.com/wp-content/uploads/2020/05/BOD-Minutes-3.18.20.pdf>.
- After receiving board approval on the revised Employee Handbook, the LWDB distributed it on May 4, 2020, to all staff and required all employees to sign a form acknowledging that he or she has received a copy of the Employee Handbook, Equal Opportunity, Discrimination, Harassment, Retaliation and Related Conduct Policy. A copy of the Employee Handbook and acknowledgment form is located at <https://careersourcepinellas.com/wp-content/uploads/2020/03/4.1-Employee-Handbook-with-2-4-2020-comp-committee-modification.pdf>.
- The LWDB has also posted copies of the amended Equal Opportunity and Non-Discrimination, Whistle Blower and Grievance Policies to CareerSource Pinellas Intranet for easy accessibility by board staff.

CareerSource Tampa Bay

- Amended the Grievance Policy and Procedures and received board approval during the November 21, 2019 board meeting. As evidence of the amendment and approval by the board, the policies are included under Consent Agenda Item #6 in the meeting packet located at <https://www.careersourcetampabay.com/wp-content/uploads/2019/11/BOD-Meeting-11-21-19-Agenda-Packet-1.pdf> and within the meeting minutes located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/01/2019-11-21-19-BOD-Minutes-approved-1-16-2020.pdf>.
- After receiving board approval, CareerSource Tampa Bay emailed staff on to alert them of the new policy, held a question and answer session on the new policy on December 3, 2019, and required all staff to sign a training acknowledgment form once training had been completed. See Attachment 6.1 for evidence of the email, training material, and training acknowledgement forms.

6.2 The State and local areas should revisit their responsibilities under 2 CFR § 200.300, statutory and national policy requirements, including Whistleblower protections for reporting fraudulent activity.

DOL RESPONSE: This finding remains UNRESOLVED. ETA will resolve this finding when all corrective actions, including timeline and documentation are provided and reviewed by ETA. The response indicates both CareerSource Pinellas and CareerSource Tampa Bay have completed corrective actions toward compliance with 2 CFR § 200.300. However, the documentation provided is not sufficient to determine that internal policies and procedures have been developed and implemented, and subsequently that staff have been trained on these policies and procedures. In addition, the State has not provided a timeline as to when the corrective actions in progress will be completed. The State must provide source documentation to support corrective actions have been fully implemented.

CORRECTIVE ACTION:

See the response to Finding 6.1 for the corrective actions undertaken by CareerSource Pinellas and CareerSource Tampa Bay to address the amending of the policies for reporting EEO grievance and whistleblower complaints and the training or dissemination of the amended policies to LWDB staff.

6.3 They should ensure all staff and boards are aware and familiar with the requirements and ensure a transparent process is in place for reporting such activity.

DOL RESPONSE: This finding remains UNRESOLVED. Documentation provided is not sufficient to determine that policies and procedures for reporting EEO grievances and whistleblower complaints have been updated, and that both board members and staff have been trained on these policies and procedures. Additionally, the State has not provided a timeline as to when the “grantee- sub-grantee” agreement will be updated to include language regarding EEO grievance and whistleblower requirements. The State must provide source documentation to support corrective actions have been implemented.

CORRECTIVE ACTION:

The Department has executed all grantee-subgrantee, which became effective July 1, 2020. Within paragraph 13.c. of the grantee-subgrantee agreement, the Department has amended the EEO grievance and whistleblower requirements to read as follows:

“The Board must ensure grievance procedures and Equal Opportunity representation, consistent with 20 CFR 683.285, is available and made known to staff, participants, and other interested parties in the local workforce development system. The Board must also adopt a whistle blower policy that facilitates the reporting of violations of policy or law without fear of retaliation”

See Attachment 3.1A for CareerSource Pinellas and CareerSource Tampa Bay’s executed grantee-subgrantee agreements.

See the response to Finding 6.1 for the corrective actions undertaken by CareerSource Pinellas and CareerSource Tampa Bay to address the amending of the policies for reporting EEO grievance and whistleblower complaints and the training or dissemination of the amended policies to LWDB staff.

7 Finding 7: Lack of Firewalls and Internal Control at CareerSource Tampa Bay and CareerSource Pinellas

The State, in collaboration with Chief Local Elected Officials (CLEOs) in CareerSource Tampa Bay and CareerSource Pinellas, must provide a corrective action plan that ensures: 1) appropriate internal controls are put in place if multiple functions are

allowed to be performed by a single entity; and 2) separate entities are designated, or procured, to perform the three functions (fiscal agent, staff to the board, and direct service provider). This corrective action plan must conform to the requirements of 20 CFR § 679.410-430.

DOL RESPONSE: This finding remains UNRESOLVED. While actions have been taken by the State and local areas to separate the management functions provided by different entities, no formal agreements have been developed, signed and implemented between the administrative entity, local workforce boards, and the chief elected officials. Duties and functions have not been determined or addressed in the response.

CORRECTIVE ACTION:

In addition to the actions already undertaken and documented within the previous responses, the Department is currently drafting a local workforce development area governance administrative policy to ensure all LWDBs understand and implement firewalls and internal controls when a single entity performs multiple functions or ensure multiple entities are designated and procured to fulfill the three functions as staff to the board, fiscal agent, and direct service provider and to address issues identified in Finding 9 regarding CLEOs and board roles and responsibilities and conducting board meetings in accordance with Sunshine laws. The policy is expected to be finalized and presented to the State Board for approval at the December 2020 board meeting and will include detailed requirements on elements including but not limited to:

- Identification of roles and responsibilities of individuals who make up the local workforce development system;
- Separation of duties for the various roles such as:
 - The administrative entity;
 - Fiscal agent;
 - Staff to the board; and
 - Direct service provider.
- Governance structures;
- Internal controls that must be in place if multiple functions are performed by a single entity;
- By-laws and adherence to Sunshine Laws; and
- Required local agreements.

As soon as the State Board adopts the policy, the Department will send a memorandum to all the LWDBs to instruct them to begin working with CLEOs to ensure local area by-laws are updated, the policies are consistent and aligned with state's policy requirements, and the policies clearly define roles and responsibilities. All amended policies, by-laws, and agreements must be fully implemented by June 30, 2021. The Department's policy and guidance team will review updated local policies for compliance with federal and state requirements within 90 days of the LWDBs updating its policies. Additionally, LWDBs must ensure local conflict of interest policies contain specific language requiring LWDB members

who stand to benefit from an award or contract to recuse themselves from all discussions and voting, in full board meetings and committee meetings.

Additionally, during the 2019-20 program year, the Department included review of the local plan to determine if a single entity or multiple entities are procured to perform the function of staff to the board, fiscal agent, and direct service provider. See internal control testing under Procedure Number 3.5 within the 2019-20 Financial Monitoring Tool located at http://www.floridajobs.org/docs/default-source/division-of-finance-and-administration/financial-monitoring-and-accountability/tools-and-templates/2019-20-financial-monitoring-tool.pdf?sfvrsn=2b737eb0_2. The Department will continue monitoring the LWDBs to ensure internal controls and firewalls exist when one entity performs more than one function and ensure alignment and compliance with the State Board's approved policy after its adoption.

To address the lack of firewall and internal controls, CareerSource Pinellas executed a new interlocal agreement on March 12, 2019, which is located at <https://careersourcepinellas.com/wp-content/uploads/2019/04/2019-Intelocal-Agreement-Fully-Executed-3-12-19.pdf>. The local area also amended its by-laws, which were adopted by the Pinellas County Board of County Commissioners on July 23, 2019, and are located at <https://careersourcepinellas.com/wp-content/uploads/2019/08/CSPIN-BYLAWS-APPROVED-BY-BCC-072319-FINAL.pdf>.

CareerSource Tampa Bay's Board of Director approved a new interlocal agreement on May 21, 2020, as evidenced in the meeting minutes located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/07/2020-5-21-BOD-Minutes-approved.pdf>. The interlocal agreement was executed with Hillsborough County on June 17, 2020 to address the concerns brought forth by USDOL, which is included in Attachment 7. Further, CareerSource Tampa Bay's Board of Directors approved amended by-laws during March 19, 2020 board meeting. The by-laws are included in the meeting packet located at <https://www.careersourcetampabay.com/wp-content/uploads/2019/06/BOD-Meeting-3-19-2020-Agenda-Packet.pdf> with the approval of the by-laws evidenced in the meeting minutes located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/06/2020-3-19-2020-BOD-Minutes-Approved-5-21-2020.pdf>.

While CareerSource Pinellas and CareerSource Tampa Bay have revised the respective interlocal agreements and by-laws, prior to the State Board's approval of the state's local governance policy, the local boards will be required to review and update these documents as well as establish or update local policies, as appropriate after this policy is approved by the State Board. The Department will ensure that these documents align with the elements included in the state's local governance policy within 90 days of the documents being submitted to DEO for review. In addition, DEO will review agreements included with each area's four-year local plan, and any subsequent two-year modifications, to ensure agreements, and roles described in these plans align with the elements included in the state's local governance policy regarding required firewalls and internal controls for entities performing multiple roles in the workforce structure.

8 Finding 8: Board Recruitment, Vetting, Nomination, and Appointment Inconsistent with WIOA Provisions

The chief elected officials in both local areas, in consultation with the State, must develop and implement clear processes and procedures for recruiting board members and documenting their qualifications in alignment with the requirements of WIOA, the regulations, and State policy. These processes and procedures should ensure that the board staff does not influence the selection of board members.

DOL RESPONSE: This finding remains UNRESOLVED. ETA accepts the State’s request for technical assistance and will work with the DEO to develop a timeline and corrective action plan to assist the local areas in developing a system for the recruitment, vetting, and appointment of board members, in accordance with WIOA requirements.

Several of the key corrective actions included in the State’s response are ongoing and incomplete. Specifically, DEO has yet to review and evaluate key policies and procedures of the local areas, and as appropriate revise its own guidance on governance, oversight and administrative policies to ensure the resolution of this finding.

In order to resolve this finding, ETA needs to review documentation, verify existing corrective actions taken by the boards, and validate that the actions taken are sufficient to bring the local areas practices into compliance with WIOA.

CORRECTIVE ACTION:

The Department has recently revised the grantee-subgrantee agreement, which became effective July 1, 2020, to include under paragraph 14 stipulations and guidelines for local board composition, board member selection, and training as follows:

- “a. The Board must ensure that the local workforce board composition is compliant with all federal and state laws, polices, procedures, and rules.
- b. The Board, in consultation with the CLEO, must develop and implement clear processes and procedures for recruiting, vetting, and nominating Board members and documenting their qualifications in alignment with the requirements of WIOA, and compliant with all federal and state laws, polices, procedures, and rules.
- c. The Board shall prohibit any Board staff from serving as members of a committee or subcommittee of the Board.
- d. The Board shall ensure Board members complete mandatory Board orientation and training. The Board shall take all reasonable steps necessary to encourage attendance by the CLEO at Board orientation and training. The Board shall retain and provide to DEO upon request the dates of training and sign-in sheets (or other evidence of attendance) of training participants.”

See Attachment 3.1A for CareerSource Pinellas and CareerSource Tampa Bay's executed grantee-subgrantee agreements.

Based on the technical assistance provided to the Department by USDOL, the Department has determined that *Administrative Policy 091- Local Workforce Development Board Composition, Certification and Decertification* needs to be revised to provide clearer and more detailed guidance on board composition requirements, including but not limited to establishing:

- Criteria for recruiting, nominating, vetting, and appointing board members;
- Restrictions that ensure that board staff do not influence the nomination, vetting, and appointment process;
- The requirement of LWDBs to work with CLEOs to have written, documented procedures for the nominating, vetting, and appointment of board members; and
- Guidelines for the length of time a vacated/vacant position must be filled.

The policy is expected to be finalized and presented to the State Board at the December 2020 board meeting. Within 180 days after adoption by the State Board, the LWDB must establish or amend written local operating policies or procedures to include how the local board of directors recruit, nominate, vet and appoint local board members in alignment with the state's requirements. The Department's policy and guidance team will review updated local policies for compliance with federal and state requirements within 90 days of the LWDBs updating its policies.

Additionally, during the 2019-20 program year, the Department included review of the board member disclosures and composition in compliance with WIOA and 20 CFR 679.320. See internal control testing under Procedure Number 3.4 within the 2019-20 Financial Monitoring Tool located at http://www.floridajobs.org/docs/default-source/division-of-finance-and-administration/financial-monitoring-and-accountability/tools-and-templates/2019-20-financial-monitoring-tool.pdf?sfvrsn=2b737eb0_2.

Further, CareerSource Tampa Bay has revised the *Board Composition Policy* to address USDOL's concerns and received board approval of the policy revisions within the May 21, 2020 board meeting. Evidence of the board approving the second revised policy on May 21, 2020 is within Consent Agenda #8 in the Meeting Agenda located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/05/BOD-5-21-2020-Agenda-Packet.pdf> and in the meeting minutes located at <https://www.careersourcetampabay.com/wp-content/uploads/2020/07/2020-5-21-BOD-Minutes-approved.pdf>.

While CareerSource Pinellas and CareerSource Tampa Bay have revised their respective by-laws and have documented processes and procedures for the recruitment and appointment of board members, the Department will ensure that the by-laws and board policies align with the expected revisions to *Administrative Policy 091- Local Workforce Development Board Composition, Certification and Decertification* within 90 days after it is adopted by the State Board and board members receive the mandatory board orientation and training.

9 Finding 9: Chief Elected Officials Improperly Delegated Key Roles and Responsibilities

The State must work with both local areas to ensure that chief elected officials, not the boards or staff in CareerSource Tampa Bay and CareerSource Pinellas, are properly functioning as the authoritative governing bodies responsible for establishing the local areas' By-laws. The boards and the staff may assist and provide support in the process; however, the chief elected officials should perform this function to constitute an effective LWDB.

DOL RESPONSE: Pertaining to CareerSource Tampa Bay, this finding remains UNRESOLVED. Several actions taken by the State and CareerSource Tampa Bay to resolve this finding are still in progress and remain incomplete. Upon completion of all corrective action steps indicated in the response to this finding, ETA will review, verify, and validate the actions taken and make a determination if the corrective actions are properly documented and sufficient to resolve this finding. Specifically, documentation is needed to demonstrate the board's by-laws have been revised.

Evidence has not been provided to demonstrate actions taken related to implementing a mechanism to ensure proper checks and balances were put in place. The state must also demonstrate that clearly defined roles and responsibilities are included in the by-laws, and appropriate internal controls are put in place.

Regarding CareerSource Pinellas, ETA acknowledges the revision to CareerSource Pinellas' by-laws and requests the following clarification:

- The by-laws reflect that all board committee meetings will be subject to the Sunshine Law and the Open Meeting Law of the State of Florida; but it is unclear how the by-laws ensure adherence to federal sunshine requirements of WIOA sec. 107(e).

ETA acknowledges DEO's plan to ensure that CLEOs and board members are educated about their roles and responsibilities. ETA can provide technical assistance, specifically training related to governance, in collaboration with the State, to help the state achieve this aim. ETA also welcomes the State's plan to revise applicable policies and develop local governance, oversight, and administrative policies. The State's described compliance monitoring plan is appropriate, and should help to ensure that both boards are functioning properly as the authoritative governing bodies responsible for establishing and implementing provisions of the local areas' by-laws. Upon the State's completion of all of the activities associated with resolving this finding, ETA will review, verify, and confirm the State's corrective actions and determine if they will resolve the finding.

CORRECTIVE ACTION:

Within Finding 7 of this Corrective Action Plan, the Department described the composition of a local governance policy to address CLEOs and board roles and responsibilities and conducting board meetings in accordance with Sunshine laws. The policy is expected to be

finalized and presented to the State Board for approval at the December 2020 board meeting. See the response to Finding 7 for the summary of revisions to the policy.

Additionally, the Department is working to establish a date for CLEO and board member training that is expected to occur by March 2021. As part of this training, DEO accepts the opportunity to collaborate with USDOL to provide training related to governance to this group.

10 Finding 10: Non-Compliant with WIOA Transparency and Sunshine Provisions

10.1 CareerSource Tampa Bay and CareerSource Pinellas must post, and make available electronically to the public, all minutes of formal meetings.

DOL RESPONSE: This finding remains UNRESOLVED. While the State and LWDBs have begun taking action to address this finding, no verifiable evidence was provided to validate and confirm that these actions are sufficient to resolve the finding. For example, links to the websites were not provided, so it could not be confirmed that the websites exist, that information has been populated properly, and public access to board activities exists, satisfying and fully implementing the WIOA Sunshine provision. Additionally, ETA will need documentation verifying that staff have been trained on these internal policies and procedures once developed and implemented.

CORRECTIVE ACTION:

On May 29, 2018, the Department sent the memorandum, which is located at http://www.floridajobs.org/docs/default-source/lwdb-resources/policy-and-guidance/memos/2018-memos/memo_posting-of-local-board-meeting-minutes.pdf?sfvrsn=2, to all LWDB Executive Directors as a reminder that all LWDB business must be conducted in an open manner, including posting the minutes of board meetings on its website.

Further, the Department revised the grantee-subgrantee agreement, which became effective July 1, 2020, to require the LWDBs to be open and transparent in its meetings. The specific language of the grantee-subgrantee agreements governing transparency related to board meetings and actions read as follows:

“12.b. The following information must be posted on the Board’s website in a manner easily accessed by the public:

- i. Notice of all Board meetings at least seven days before the meeting is to occur. Notice of special board meetings must be posted at least 72 hours before the meeting is to occur. . . .
- vii. Board meeting minutes within 15 days of Board approval.”

The Department has confirmed that the websites of both CareerSource Pinellas and CareerSource Tampa Bay contain the formal meetings minutes and they have provided the direct links below:

CareerSource Pinellas

- July 2017 through June 2018 board meeting minutes at <https://careersourcepinellas.com/about-us/board-meetings-3/>
- July 2018 through June 2019 board meeting minutes at <https://careersourcepinellas.com/about-us/board-meetings-2/>
- July 2019 to present board meeting minutes at <https://careersourcepinellas.com/about-us/board-meetings/>

CareerSource Tampa Bay

- Board meeting minutes at <https://www.careersourcetampabay.com/fy-17-18-board-meeting-materials/>

10.2 The State must also ensure that all local areas are compliant with these provisions

DOL RESPONSE: This finding remains UNRESOLVED. Actions taken to date are insufficient to resolve this finding. The State must provide clear evidence in the form of documentation, (e.g., updated financial monitoring tool, updated Grantee-Sub-grantee Agreement), that demonstrates these actions have been completed. Since the actions are currently in progress and remain incomplete and reviewed by the State and ETA, this finding will remain open.

CORRECTIVE ACTION:

For the 2019-20 program year, the Department's financial monitoring team added a test to determine if the LWDB posts board of director meeting notices, agendas, and minutes on its website in compliance with WIOA transparency and Florida Sunshine provisions. If any LWDBs are out of compliance, this issue will be included within the results of the 2019-20 joint programmatic and financial monitoring review.

As evidence of this new test, see testing procedure number 3.6 within the 2019-20 Financial Monitoring Tool at http://www.floridajobs.org/docs/default-source/division-of-finance-and-administration/financial-monitoring-and-accountability/tools-and-templates/2019-20-financial-monitoring-tool.pdf?sfvrsn=2b737eb0_2.

Further, as described in the response to Finding 10.1, the Department has revised the grantee-subgrantee agreement to require LWDBs to post notice of board meeting and the board meeting minutes within a specified period of time. See the response to Finding 10.1 for more information.

11 Finding 11: CareerSource Tampa Bay and CareerSource Pinellas Lack Evidence of LWDBs Fulfilling Required Functions

The State must verify and ensure that the LWDBs are fulfilling their responsibilities under WIOA sec. 107(d) and Title 20 CFR § 679.370.

DOL RESPONSE: This finding remains UNRESOLVED. While the boards have completed activities, such as board member orientation, those actions do not fully address the requirement of the finding. The finding requires the State to verify that the LWDBS are fulfilling their responsibilities. In other words, State and local areas must show, through actions, activities, initiatives, and strategies, that the board is appropriately fulfilling its required roles and responsibilities. For example, the document presented in exhibit 11.2 lists the board structures and identifies its goals, however, it does not provide information and evidence about what activities, strategic initiatives, etc. the boards undertook to achieve those goals and or how it fulfills the roles and responsibilities outlined for boards, which is what the finding was about.

CORRECTIVE ACTION:

See Attachment 11A for the activities, committees, and board accomplishments of CareerSource Pinellas' Board of Directors and Attachment 11B for details of how CareerSource Tampa Bay describes how the LWDB has meet the requirements of 20 CFR 679.370.

12 Finding 12: One-Stop Competitive Procurement Not Compliant

12.1 The LWDBs must conduct a competitive procurement as required by WIOA Section 121, 20 CFR§ 678.605, and 2 CFR § 200.319.

DOL RESPONSE: This finding remains UNRESOLVED. The State must review and verify that the LWDBs conducted a competitive procurement of the One-Stop Operators in accordance with WIOA and TEGL 15-16. In addition, the State must review the entire procurement process and supporting documentation (including the sub-recipient agreements) to ensure compliance with the requirements of WIOA and TEGL 15-16. This documentation must be provided to ETA for concurrence.

CORRECTIVE ACTION:

During the 2018-19 and 2019-20 program years, the Department's Financial Monitoring team selected the One-Stop Operator procurements and determined the procurements were competitively procured as seen below:

- For CareerSource Pinellas, the Department reviewed the One-Stop Operator procurement as a sample selection with the testing for purchasing and contracting during 2018-19 program year and noted the following:

- RFP #18-0629 was issued June 29, 2018 outlining the One-Stop Operator procurement;
 - Questions and Answers Period: June 29, 2018 through July 13, 2018
 - Response Due: August 9, 2018
 - Responses received from Kaiser Group (also known as Dynamic Workforce) and Complete Technology Solutions (also known as Ryman);
 - Date Board Approved Contract: September 5, 2018;
 - Contract Effective Date: November 1, 2018 – June 30, 2019;
 - Contract Amount: \$34,167
 - Related Party Contract: No
- For CareerSource Tampa Bay, the Department reviewed the One-Stop Operator procurement as a sample selection within the testing for purchasing and contracting during 2018-19 program year and noted the following:
 - RFP #18-0428 was issued June 4, 2018 outlining the One-Stop Operator procurement;
 - Questions and Answers Period: June 4, 2018 through June 12, 2018
 - Response Due: June 18, 2018
 - Responses received from Kaiser Group (also known as Dynamic Workforce) and Complete Technology Solutions (also known as Ryman);
 - Date Board Approved Contract: July 19, 2018;
 - Contract Effective Date: July 27, 2018 – June 30, 2019;
 - Contract Amount: \$39,341
 - Related Party Contract: No
- For CareerSource Pasco Hernando, the Department reviewed the One-Stop Operator procurement as a sample selection within the testing for purchasing during 2019-20 program year and noted the following:
 - RFP #01-06142019 OSO was issued June 14, 2019 outlining the One-Stop Operator procurement:
 - Questions and Answers Period: June 17, 2019 through June 28, 2019
 - Responses Due: July 5, 2019
 - Responses received from Gulf Coast Jewish Family and Community Services and Eckard Youth Alternatives
 - Date Board Approved Contract: August 15, 2019
 - Contract Effective Date: October 1, 2019 through June 30, 2020
 - Contract Amount: \$24,986
 - Related Party Contract: No

See Attachment 12.1 for the supporting documents related to the procurements and agreements listed above.

12.2 The State must ensure that the LWDBs comply with the competitive procurement requirements in selecting the One-Stop Operator.

DOL RESPONSE: This finding remains UNRESOLVED. The State must review and verify that the LWDBs conducted a competitive procurement of the One-Stop Operators in accordance with WIOA and TEGl 15-16. In addition, the State must review the entire procurement process including sub-recipient agreement to ensure it meets the requirements of WIOA and TEGl 15-16. This documentation must be provided to ETA for concurrence.

CORRECTIVE ACTION:

The Department has reviewed and analyzed the procurement process for both CareerSource Pinellas and CareerSource Tampa Bay against the requirements outlined in TEGl 15-16 as well as *Administrative Policy 97 – One-Stop Operator Procurement*, which is located at http://www.floridajobs.org/docs/default-source/lwdb-resources/policy-and-guidance/guidance-papers/2017-guidance-papers/adminpol097_onestopprocurement_final_9252017.pdf?sfvrsn=6. A review of both LWDB’s procurements found that each LWDB has followed the guideline as set forth in TEGl 15-16 and the State’s policy.

13 Finding 13: Conflict of Interest Policies Not Compliant

13.1 The State must review and ensure that both local areas bring their conflict of interest policies into compliance with WIOA regulations and the Uniform Guidance requirements.

DOL RESPONSE: This finding remains UNRESOLVED. The policies and procedures provided are outdated and insufficient to address this finding. The policy does not address actions taken by board members as part of their committee assignments which were apparent conflicts of interest. The forms and policy do not fully address conflict of interest, proper disclosure, and have not been updated since 2010. The State must review all required policies and procedures to ensure compliance with both WIOA and the Uniform Guidance. In addition, these policies and procedures must be provided to ETA for review and concurrence.

CORRECTIVE ACTION:

CareerSource Pinellas recently amended its *Conflict of Interest Policy* and received board approval of the policy during the September 16, 2020 board meeting, which is included as Action Item 4 in the meeting notice located at <https://careersourcepinellas.com/wp-content/uploads/2020/09/2020.09.16-Board-Agenda-Packet-R6.pdf>. Due to the recent occurrence of the board meeting, meeting minutes are not yet available.

CareerSource Tampa Bay adopted its *Board of Directors Conflict of Interest Policy* within the November 21, 2019 board meetings. The policy is included within the board meeting packet located at <https://www.careersourcetampabay.com/wp-content/uploads/2019/11/BOD-Meeting-11-21-19-Agenda-Packet-1.pdf> with the approval of the policy evidenced in the meeting minutes located at

<https://www.careersourcetampabay.com/wp-content/uploads/2020/01/2019-11-21-19-BOD-Minutes-approved-1-16-2020.pdf>.

Due to the recent implementation of the grantee-subgrantee agreement, the Department will review the recent changes to these policies to ensure alignment with the terms and conditions of the grantee-subgrantee agreement and federal regulations during the monitoring conducted in program year 2020-21 and will notify the LWDB if any amendments are necessary to align with the grantee-subgrantee agreement.

13.2 The State should take additional steps to make sure CareerSource Tampa Bay and CareerSource Pinellas revise their conflict of interest policies and should conduct follow-up monitoring.

DOL RESPONSE: This finding remains UNRESOLVED. While LWDB members disclosed their contractual relationships with WIOA funds, they did not recuse themselves in committee meetings where decision making discussions took place. These discussions were then brought before the full LWDB for voting. Conflict of Interest requirements means one recuses oneself for all discussions, actions, appearances, and potential conflicts of interest, including committee meetings, workgroups, and casual information sharing, as a Board member. ETA noted that almost every Board member organization received funding from the two LWDBs; these decisions were made during committee meetings and then submitted to the full LWDB as motions for approval. In addition, the response does not identify or establish any required firewalls, or separation of functions and duties, between various required functions of the Board, Board members, and staff to the Board.

CORRECTIVE ACTION:

The Department has recently revised the grantee-subgrantee agreement, which became effective July 1, 2020, requiring all LWDB to name a Chief Ethics Officer and adopt, abide by a conflict of interest policy, and to abide by specific terms when entering into a contract with a related party. Specifically, paragraphs 13.a., 13.b., and 15 outline these requirements as follows:

- “13.a. The Board shall adopt an employee ethics code modeled after the provisions of Chapter 112, Florida Statutes, and shall name a Chief Ethics Officer. The Officer shall be responsible for the periodic training of Board staff and for maintaining the Ethics Code and for, which addresses:
 - i. The acceptance of gifts;
 - ii. Self-dealing;
 - iii. A prohibition on unauthorized compensation;
 - iv. Conflicting employment or contractual relationships;
 - v. Appropriate disclosure and use of information; and
 - vi. Nepotism.
- 13.b. The Board will adopt and abide by a conflict of interest policy that ensures compliance with state and federal law and applicable State Board and DEO

policies. The Board will make reasonable modifications to the policy if requested by DEO. The Board must ensure that adequate firewalls are in place to prevent actual or perceived conflicts of interest, poor internal controls, or the appearance of impropriety.”

15. **RELATED PARTIES.** The purpose of this section is to help DEO ensure transparency and accountability, to prevent impropriety or the appearance of impropriety in public business, and to limit the possibility of the improper expenditure of state or federal funds.
- a. Related Parties. For purposes of this Agreement, “Related Party” includes any: Board member; Board employee or staff; relative of any Board member or employee or staff; any organization represented by or employing a Board member or employee or staff; any organization, the board of directors of which a Board member or employee or staff holds a board position; or any vendor with which a Board member has a relationship.
 - b. Related Party Contract. For purposes of this Agreement, “Related Party Contract” means any relationship, transaction, or expenditure, contractual in nature, which results in or could result in an expenditure of state or federal funds by the Board with a Related Party. The term “Related Party Contract” does not include retail purchases made in the ordinary course of business or payments for utility services.
 - c. Related Parties Compliance. The Board shall comply with section 445.007(11), Florida Statutes. The Board and its employees must annually disclose to DEO any conflicts of interest that may arise during the upcoming year, or that actually arose in the current year and were not previously disclosed.
 - i. Prior to entering into any Related Party Contract with any Related Party, the proposed Related Party Contract must be brought before the Board for consideration and approval. The Board shall ensure that: (i) the Board member or employee with the conflict removes himself or herself from the room prior to any discussions at any meeting, including subcommittee meetings, involving the contract; (ii) the Board member or employee with the conflict is not physically present during the voting; and (iii) the Board member with the conflict abstains from any vote regarding the Related Party Contract.
 - ii. If the disclosure was not made prior to the meeting because the conflict was unknown prior to the meeting, the Board shall ensure that disclosure is made at the next possible meeting after knowledge of the conflict becomes available.
 - d. Completion of Forms. For each Related Party Contract, the Board must ensure that the forms attached hereto as Exhibits C and D are completed, dated, executed, and certified prior to execution of the contract or incurring of expenditures for the current fiscal year. Exhibits C and D must be submitted at or before the Board meeting in which the vote is to

take place for board members and employees of the board who have any conflict of interest with the contracting vendor. For conflicts unknown at the time of entering into the Related Party Contract, the Board shall ensure that completed forms of Exhibits C and D are filed within 15 days after the disclosure with the person responsible for recording the minutes of the meeting. The disclosure shall be incorporated into the minutes of the meeting at which the oral disclosure was made. If the Related Party Contract was approved by the Board in the current or previous fiscal year and the Board intends to continue the Related Party Contract, Exhibits C and D must be submitted annually to DEO for approval prior to the beginning of the next fiscal year.

- e. Contracts \$25,000 or Greater. DEO may disapprove, in its sole discretion, any contract for the Board's failure to submit any required document or form as required by this section. Prior to execution of any contract equal to or greater than \$25,000, the Board must approve and electronically submit the documentation set forth below, along with completed copies of the forms attached hereto as Exhibits C and D, to WorkforceContract.Review@deo.myflorida.com.
- f. Contracts Less Than \$25,000. Within 30 days after execution of any contract less than \$25,000, the Board must approve and electronically submit a certified board membership roster listing all members on the Board at the time of the vote on the approval of the contract with a vote tally indicating attendance or absence at the meeting. For those in attendance, the affirmative and negative votes and abstentions for each member, along with completed copies of the forms attached hereto as Exhibits C and D, must be submitted to WorkforceContract.Review@deo.myflorida.com."

See Attachment 3.1A for CareerSource Pinellas and CareerSource Tampa Bay's executed grantee-subgrantee agreements.

The Department is currently amending the conflict of interest policies adopted by the State Board to ensure compliance with WIOA, Florida Statute, and align with the recent changes in the grantee-subgrantee agreement. The revised policies are expected to be presented to the State Board at the December 2020 board meeting. Within 180 days after adoption by the State Board, the LWDB must amend and align its conflict of interest or related party policy with the policy approved by the State Board. The Department's policy and guidance team will review updated local policies for compliance with federal and state requirements within 90 days of the LWDBs updating its policies.

14 Finding 14: CareerSource Tampa Bay and CareerSource Pinellas LWDB Compositions Not Compliant

14.1 The State must work with chief elected officials in both local areas to appoint new members that bring the boards into compliance with the business majority requirement.

DOL RESPONSE: This portion of the finding is RESOLVED.

14.2 The board should fill vacancies as quickly as possible to ensure full and adequate participation of both public and private sectors in the local workforce systems.

DOL RESPONSE: This portion of the finding remains UNRESOLVED. ETA accepts the State's request for technical assistance and will work with DEO to develop a technical assistance plan and activities as appropriate. The State should also provide the following information to help resolve this portion of the finding:

- Copy of the board membership rosters for CareerSource Tampa Bay and CareerSource Pinellas;
- Documentation of meeting(s) the boards have conducted since filling the vacant positions and the reconstitution of the boards; and,
- Attendance records of these meetings; actions taken, and to the extent practical, information that demonstrates board members' active participation in those meetings.

CORRECTIVE ACTION:

A copy of the board member roster for both CareerSource Pinellas and CareerSource Tampa Bay is included in Attachment 14.2. The links to current and archived board meeting minutes have been included in the response to Finding 10.1; however, the link to the current meeting minutes are as follows:

- CareerSource Pinellas - <https://careersourcepinellas.com/about-us/board-meetings/>
- CareerSource Tampa Bay - <https://www.careersourcetampabay.com/fy-17-18-board-meeting-materials/>

The links provided evidence the meetings that have taken place since the boards have been reconstituted. The information available on these links include meeting agendas and minutes. Within the meeting minutes is a recording of the board members in attendance either in person or on the phone and actions taken within the meeting. To evidence board member involvement, a summary of actions taken by the board is described below:

- CareerSource Pinellas – The Board has been informed, voted on, and shown support of several actions to assist CareerSource Pinellas to be flexible and provide services virtually to address issues caused by COVID-19. Some of these actions include approval to solicit proposals for Virtual Workshops during the May 20, 2020 meeting, approval of the Strategic Plan during the August 20, 2020 meeting, and approval of the RFP for Youthbuild during the September 16, 2020 meeting.

- CareerSource Tampa Bay – The Board has been actively involved in the operations of the LWDB, especially in light of the current pandemic. The LWDB was recently awarded \$25 million from Hillsborough Board of County Commission for rapid retraining and reemployment of residents affected by COVID-19. Some additional actions include approval to conduct virtual job training for youth during the summer 2020 during the May 21, 2020 meeting and approval of the 2020-21 Workforce Performance Committee Goals.

Additionally, in response to Finding 8, the Department is currently revising *Administrative Policy 091- Local Workforce Development Board Composition, Certification and Decertification* to include guidelines for the length of time a vacated/vacant position must be filled and expects to present the amended policy to the State Board at the December 2020 meeting.

15 Finding 15: Non-Compliant with Stevens Amendment

15.1 The State must work with all local areas to incorporate the Stevens Amendment provisions into their policies, processes, and monitoring procedures.

DOL RESPONSE: This finding remains UNRESOLVED. DEO’s corrective actions are still in progress. DEO must provide information and documentation once it completes the actions mentioned above to satisfy the corrective actions required in the Finding.

CORRECTIVE ACTION:

On June 14, 2019, the Department emailed (see Attachment 15.1) all LWDBs as a reminder of their requirement to comply with the Stevens Amendment (Public Law 115-31, Division H, Title V, Section 505) and include this requirement into their local policies, processes, and monitoring procedures. The Department also created a Frequently Asked Questions document that was emailed to the boards on June 21, 2019 and posted on the Department’s website, which is located at <http://www.floridajobs.org/docs/default-source/lwdb-resources/lwdb-grants-management/other-resources/stevens-amendment.pdf?sfvrsn=2>.

The Department has included the requirement for the LWDBs compliance with the Stevens Amendment within paragraph 12.f. of the amended grantee-subgrantee agreement, which became effective July 1, 2020. This paragraph reads as follows:

“f. For all funds provided by DEO, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with federal money, the Subrecipient shall clearly state (i) the percentage of the total costs of the program or project which will be financed with federal money; (ii) the dollar amount of federal funds for the project or program; and (iii) the percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources. Consolidated

Appropriations Act of 2018, Pub. L. No. 115-141, 132 Stat. 348, div. H, Title V, Sec. 505 (Mar. 23, 2018).”

15.2 The State must also monitor all local areas to ensure the implementation of the Stevens Amendment.

DOL RESPONSE: This finding remains UNRESOLVED. DEO’s corrective actions are still in progress. DEO must provide information and documentation once it completes the actions mentioned above to satisfy the corrective actions required above.

CORRECTIVE ACTION:

Beginning in the 2019-20 program year, the Department began monitoring the LWDB’s compliance with the Stevens Amendment when testing purchasing, contracting, disbursements, and subrecipient monitoring. If the LWDB is not in compliance with the requirements of the Stevens Amendment, the Department will include this issue in the joint programmatic and financial monitoring report. As evidence of this updated financial monitoring tool including the Stevens Amendment provisions, see procedure number 10.25 in the purchasing testing procedure on page 12, 11.15 in the contracting testing procedure on page 14, 12.55 in the subrecipient monitoring testing procedure on page 16, and 14.4 in the disbursement testing procedure on page 19 located at http://www.floridajobs.org/docs/default-source/division-of-finance-and-administration/financial-monitoring-and-accountability/tools-and-templates/2019-20-financial-monitoring-tool.pdf?sfvrsn=2b737eb0_2.

16 Finding 16: State Did Not Conduct Adequate and Effective Oversight

16.1 The State must conduct more in-depth monitoring of the local areas to ensure compliance with provisions of WIOA, including governance structures, internal controls, and separation of duties.

DOL RESPONSE: ETA acknowledges the State’s increase in on-site programmatic monitoring reviews and other planned actions. Actions taken to date are insufficient to resolve this finding. Until actions that are in progress have been finalized, implemented, and reviewed by the State and ETA, this finding will remain open. This finding remains UNRESOLVED.

CORRECTIVE ACTION:

The Department began monitoring many of the issues identified by US DOL, such as board composition, LWDB staff raises and bonuses, and non-competitive one-stop operator procurement during the 2019-20 program year. The recently amended terms and conditions within the grantee-subgrantee will be monitored during the 2020-21 program year. Further, to ensure communication and collaboration, the Department will continue performing joint

programmatic and financial monitoring over CareerSource Pinellas, CareerSource Tampa Bay, and the remaining LWDBs.

In response to Finding 7, the Department is currently drafting a local governance policy which will include the requirement of the separation of duties for various roles such as the administrative entity, fiscal agent, staff to the board and direct service provider, governance structures, and internal controls that must be in place in the event that multiple functions are allowed to be performed by a single entity. The policy is expected to be finalized and presented to the State Board at the December 2020 board meeting with the LWDB updating and aligning local policies by June 30, 2021.

16.2 As appropriate, the State should develop guidance and policies related to local governance, oversight, and proper administration at the local level.

DOL RESPONSE: ETA acknowledges the State's increase in on-site programmatic monitoring reviews and other planned actions. Actions taken to date are insufficient to resolve this finding. Until actions in progress have been finalized, implemented, and reviewed by ETA, this finding will remain open. This finding remains UNRESOLVED.

CORRECTIVE ACTION:

See the Department's response to Finding 16.1 above.

16.3 The State should provide training and appropriate technical assistance to help local boards.

DOL RESPONSE: This finding remains UNRESOLVED. Actions taken to date are insufficient to resolve this finding. The State must address the efforts of training and appropriate technical assistance to help local boards in understanding regulatory and state level guidance and requirements regarding local governance, oversight, and proper administration at the local level, for which this finding is written. Until actions in progress have been finalized, implemented, and reviewed by the State and ETA, this finding will remain open.

CORRECTIVE ACTION:

The Department remains committed to continuously improve processes to not only address the findings included in this report, but also address new or amended regulations, changes in business environment or operations, changes in the Governor's vision or strategic plan, and changes in funding.

In anticipation of the issuance of the amended grantee-subgrantee agreement, the Department published a Frequently Asked Questions (FAQ) at <http://www.floridajobs.org/docs/default-source/lwdb-resources/deo-lwdb-grantee->

[subgrantee-agreement/granteesubgrantee-qa-05-20-20.pdf?sfvrsn=4ee146b0_2](https://www.dhs.gov/subgrantee-agreement/granteesubgrantee-qa-05-20-20.pdf?sfvrsn=4ee146b0_2) to address concerns and issues of the LWDB in implementation the new requirements of the agreement. The Department received over 400 questions based on the amended grantee-subgrantee agreement and updated the FAQ almost daily to keep the LWDBs informed. Upon request, the Department conducted multiple conference calls with LWDBs to provide additional clarification or answer any new questions as the LWDBs implemented the amended agreement.

Throughout this Corrective Action Plan, the Department has detailed actions already completed and those in process to fully resolve the deficiencies noted in the USDOL Compliance Review Report issued in May 2019 and USDOL's response to the Department's Corrective Action Plan submitted in June 2019. The following is a summary of the actions the state has taken or actions that are in progress to strengthen administrative, programmatic and fiscal oversight of the local workforce development boards and areas:

- Revised and strengthened state-level policies related to:
 - Program service delivery and participant eligibility (Administrative Policies 009, 096, 098, 099); and
 - Data entry requirements (Administrative Policies 096, 098, 099).
- Developing, evaluating, or revising state-level policy related to:
 - Local Board Governance;
 - Local Board Composition (Administrative Policy 091)
 - Participant Supportive Services; and
 - Conflict of Interest.
- Ensuring that LWDBs are trained on new and amended federal laws, regulations, and guidance as well as the State Board approved policies, such as:
 - Local Board Governance;
 - Local Board Composition (Administrative Policy 091)
 - Participant Supportive Services; and
 - Conflict of Interest.
- Revised and strengthened the grantee-subgrantee agreement with explicit requirements and implemented state-level controls designed to ensure and enforce WIOA requirements and compliance;
- Expanded the scope, breadth, and depth of programmatic and fiscal monitoring of the local boards;
- Creating processes to evaluate if local boards are functioning and fulfilling their duties as described in WIOA; and
- Planned statewide roll out of enhanced programmatic and fiscal compliance and monitoring and evaluation of all enhanced oversight processes.

17 Finding 17: Lack of Internal Controls Over Supportive Services & Prepaid Credit Cards

17.1 Both the CareerSource Tampa Bay and CareerSource Pinellas must develop supportive services systems that provide funds to participants in the actual amount of need.

DOL RESPONSE: This finding remains UNRESOLVED. ETA will close this finding when the grantee implements a comprehensive policy, procedure, and system that ensures supportive services payments are based on actual need, documentation is obtained from the participant that the identified need has been addressed, and only allowable activities under WIOA are paid.

ETA reviewed the supportive service policies and procedures provided by DEO that CareerSource Pinellas and Tampa Bay have implemented to issue and track supportive services expenditures. The policies and procedures do not meet the requirements of WIOA and do not establish the safeguards needed to account for the issuance of supportive service payments. Specifically, incentive payments are not allowable costs under 20 CFR 680.900-910. While the supportive service policies are more comprehensive, the policies still do not calculate payment based on participants' actual needs.

For example, one policy allows up to \$100 per month for transportation, but does not address if this is based on actual mileage or just a lump sum payment per month. Further, it allows for a four-year subsidy for tools for individuals in the apprenticeship program without any determination of need based on income during this period. Finally, the policy allows for incentive payments in addition to other support services provided by WIOA. Incentives paid for achievements is not an allowable expense to WIOA. Finally, the policy does not address the requirement to provide documentation regarding supportive service payments. Specifically, it does not require the participant to submit documentation to show the supportive service payment was properly expended on the requested need. Currently, the policy allows Visa gift cards to be issued to pay for participant needs. However, there is no control in place to ensure that the Visa gift cards are used to pay for the requested need.

CORRECTIVE ACTION:

To address USDOL's concerns regarding state policy and guidance surrounding supportive service payments, the Department outlined the recent revisions to the grantee-subgrantee agreement and summarized a state-level supportive service policy that is awaiting State Board approval within its response to Findings 3.1 and 3.3. Please refer to the findings for a detailed response to USDOL's concerns.

17.2 The local areas should document that the participants' expenditures are approved and allowable.

DOL RESPONSE: This finding remains UNRESOLVED. ETA will close this finding when the grantee implements a comprehensive policy, procedure, and system that ensures supportive services payments are based on actual need, and documentation is obtained from the participant that the identified need has been addressed, and only allowable activities under WIOA are paid.

CORRECTIVE ACTION:

To address USDOL's concerns regarding state policy and guidance surrounding supportive service payments, the Department outlined the recent revisions to the grantee-subgrantee agreement and summarized a state-level supportive service policy that is awaiting State Board approval within its response to Findings 3.1 and 3.3. Please refer to the findings for a detailed response to USDOL's concerns.

17.3 Local areas should establish additional controls to safeguard both the number of cards issued and the funds available on the cards.

DOL RESPONSE: This finding remains UNRESOLVED. ETA will resolve this finding when all corrective actions, including a timeline are developed, implemented and reviewed by ETA. Both CareerSource Pinellas and Tampa Bay have completed corrective actions to address eligibility, storage, issuance and reconciliation of supportive services. However, the revised policies do not clearly state mailing gifts cards is not allowed. Further, documentation was not provided to demonstrate internal controls have been established and reconciliation procedures have been fully implemented to ensure funds are properly safeguarded.

CORRECTIVE ACTION:

To address USDOL's concerns regarding state policy and guidance surrounding supportive service payments, the Department outlined the recent revisions to the grantee-subgrantee agreement and summarized a state-level supportive service policy that is awaiting State Board approval within its response to Findings 3.1 and 3.3. Please refer to the findings for a detailed response to USDOL's concerns.

Further, CareerSource Pinellas revised its *Financial Policies and Procedures* to ensure it aligned with current processes and included the requirement to perform monthly supportive service card reconciliation and quarterly inventory. The board approved *Financial Policies and Procedures* is included on Page 50 of the March 18, 2020 Meeting Agenda located at <https://careersourcepinellas.com/wp-content/uploads/2020/03/2020.03.18-BOD-Packet-R3.pdf> with evidence of the board approval included in the meeting minutes located at <https://careersourcepinellas.com/wp-content/uploads/2020/05/BOD-Minutes-3.18.20.pdf>.

See Attachment 17.3A for evidence of CareerSource Pinellas monitoring prepaid inventory cards for the last 2 quarters.

CareerSource Tampa Bay has revised its *Supportive Service Policy* and included safeguards and internal controls to ensure the inventory is stored securely, inventory is conducted bi-monthly with unannounced reviews in between the bi-monthly reviews, and reconciliation of inventory to the card tracking system. See Attachment 17.3B for evidence of

CareerSource Tampa Bay monitoring prepaid inventory and see the response for Finding 3.1 for a copy of the *Supportive Service Policy*.

17.4 The State must conduct a full review of all credit card balances to determine the actual amount of cash on hand and ensure supportive service payments were based on actual needs.

DOL RESPONSE: This finding remains UNRESOLVED until all proposed corrective actions, including timeline are developed, implemented and reviewed by ETA. In the response, DEO states it will conduct a full review of the prepaid gas/VISA card balances but does not indicate a timeline for completing this corrective action.

CORRECTIVE ACTION:

The Bureau of Financial Monitoring and Accountability performed an onsite inventory of the prepaid cards at both CareerSource Pinellas and CareerSource Tampa Bay on July 8, 2019 by physically taking possession of the cards and verifying each card's balance through a secure third party's website. The card numbers verified were then compared to the system's detailed inventory of what cards should be on hand less the prepaid cards that were recently issued. While the inventory was conducted on July 8, 2019, the Department was able to reconcile the inventory balance to the general ledger as of June 30, 2019. See the Prepaid Inventory Summary Report in Attachment 17.4.

Further, as part of the Department's financial monitoring during the onsite visits, financial monitoring staff will visit a one-stop center to test prepaid inventory , which will include observing the physical location of the prepaid cards, discussing with staff the procedures to distribute the prepaid cards, obtaining copies of prepaid inventory procedures, and observing one-stop center staff distributing a prepaid card to a participant. As part of testing participants during the 2019-20 program year, the financial monitors will review to ensure the participant's need and eligibility is included in the participant's documentation. See testing procedure 6.0 located on page 9 of the 2019-20 Financial Monitoring Tool located at http://www.floridajobs.org/docs/default-source/division-of-finance-and-administration/financial-monitoring-and-accountability/tools-and-templates/2019-20-financial-monitoring-tool.pdf?sfvrsn=2b737eb0_2.

17.5 The LWDBs must also establish adequate internal controls to safeguard these funds.

DOL RESPONSE: This finding remains UNRESOLVED. ETA will resolve this finding when all corrective actions, including documentation is provided and reviewed by ETA. The response indicates both CareerSource Pinellas and Tampa Bay have completed corrective action including implementation of reconciliation procedures for supportive services payments to address the finding. However, documentation was not provided to demonstrate the reconciliation procedures have been fully implemented to ensure internal controls are in place and effective to properly safeguard federal funds.

CORRECTIVE ACTION:

To address USDOL's concerns regarding state policy and guidance surrounding supportive service payments, the Department outlined the recent revisions to the grantee-subgrantee agreement and summarized a state-level supportive service policy that is awaiting State Board approval within its response to Findings 3.1, 3.3, and 17.3. Please refer to the findings for a detailed response to USDOL's concerns.