

U.S. Department of Labor

Employment and Training Administration
Sam Nunn Atlanta Federal Center
Room 6M12 – 61 Forsyth Street S.W.
Atlanta, Georgia 30303



October 14, 2019

Mr. Ken Lawson
Executive Director
Florida Department of Economic Opportunity
The Caldwell Building, Suite 212
107 East Madison Street, MSC 100
Tallahassee, Florida 32399-4120

E-Mail: ken.lawson@deo.myflorida.com

Dear Mr. Lawson:

On June 28, 2019, the Florida Department of Economic Opportunity (DEO) submitted to the U.S. Department of Labor, Employment and Training Administration (ETA), Atlanta Regional Office, response to Findings contained in ETA's May 15, 2019 report of the Compliance Review of CareerSource Tampa Bay and CareerSource Pinellas. The enclosed document is ETA's response to DEO's response to the initial Findings. In this response, we have included three categories of information: 1) The initial Findings, entitled "Finding"; 2) DEO's responses, entitled "Grantee's Response"; and DOL's responses entitled "DOL's Response".

ETA has carefully reviewed the State's response and acknowledges the efforts in working with CareerSource Tampa Bay and CareerSource Pinellas to begin to implement many of the corrective actions that are required to resolve the Findings. However, as reflected in the enclosed Findings Status Chart, and in the attached report, the documentation provided and the corrective actions taken to date are insufficient to fully address the required actions in the Findings. Furthermore, many of the State and local areas' corrective actions are currently in progress and not yet completed to address the regulatory and programmatic issues identified in the report. As a result, all Findings and questioned costs remained unresolved.

The State requested technical assistance to address many of the Findings. ETA accepts the State's request and will work with DEO staff to develop a technical assistance plan to assist in resolving the Findings. 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. In the meantime, the State must continue to implement ongoing corrective action steps and activities and submit a response on the progress it has made in implementing these action steps and activities. A formal response must be provided within 45 days of the date of this response. Please submit an electronic response to Mr. Winston Tompoe at Tompoe.Winston@dol.gov and RO3-RA-ATL@dol.gov. If you have any questions, please contact Ms. Jessica Otieno at (404) 302-5379 or by e-mail, Otieno.jessica@dol.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Winston Tompoe", is written over a light blue horizontal line.

Winston Tompoe
Acting Regional Administrator

LISTING OF FINDINGS

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

Compliance Monitoring Guide (CMG) Indicators: 1.e Participant Services; 2.e Performance Management; 2.f Sub-recipient Management and Oversight; 3.a Internal Controls

CSTB and CSP Business Services and other operations staff created registrations, entered service codes (including referrals and placements), created Social Security numbers, and backdated program documents and services for individuals who did not receive services through the workforce system. Staff claimed individuals that employers reported on hire lists as participants in WP and WIOA programs. Not all individuals met the definition of a participant. The staff took these actions based on local area management guidance and instructions.

Below is an example of management instructions on how to create a pseudo account, including falsifying Social Security numbers, and tips to avoid potential flags by the system.

Step 5 – Type in pseudo social security number.

- Example that will be used for this training tool is bolded on this line item – Date of birth: **06/17/2016**.
- The first 3 digits of the social will always be the last 3 digits of the birth year, in this case it will be “**016**”
- **Next**, the middle 2 numbers will always start with “00”, if there is someone already registered in EFM under the pseudo social using “00” as the middle 2 digits than proceed to use 01, 02, 03, 04, 05 and so on. Generally, you will not have to go past 03, however in rare circumstances you might have to.
- **Next**, the last 4 digits will be the 2 digit birth month and the 2 digit birthday. In this case it would be “0617”
- So, once you have completed the steps above your full pseudo social should read “**016-00-0617**”

Additionally, the hire list instructions in the figure below directed staff to “Create job seeker profiles as needed,” As well as to “Refer the job seekers,” which meant for staff to enter a job referral service code into a job seeker profile in the EF system.

Hire List Organization

Fridays:

- Receive and distribute hire lists
- Open Job Orders. Create new Job Orders as needed.
- Create job seeker profiles as needed
- Refer the job seekers to the assigned JO
- Check that all OJTs are referred to a job order that matches the job title. Non OJT job titles do not have to match exactly.
- Recruiters send confirmation of completion
- Check that all JOs are offline (All should be fully referred)

Mondays:

- Enter the placements and placement case notes using the "OJT employer case note" i.e., employer will accept referrals that do not match the qualifications on the job order.

This enabled staff to claim a job referral service. The instructions also stated, "Enter the placements", which meant for staff to enter a service code into the job seeker profile, and thus claim a job placement service. These instructions enabled staff to falsify placement records by editing Job Order records or creating new Job Orders, often from a list of existing employers. These actions resulted in staff claiming these new hires as placements without actually providing any services.

Criteria: Per the Code of Federal Regulations (CFR), 20 CFR § 683.220 prescribes:

(a) Recipients and sub-recipients of WIOA title I and Wagner-Peyser Act funds must have an internal control structure and written policies in place that provide safeguards to protect personally identifiable information, records, contracts, grant funds, equipment, sensitive information, tangible items, and other information that is readily or easily exchanged in the open market, or that the Department or the recipient or sub-recipient considers to be sensitive, consistent with applicable Federal, State and local privacy and confidentiality laws. Internal controls also must include reasonable assurance that the entity is:

- (1) Managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (2) Complying with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- (3) Evaluating and monitoring the recipient's and sub-recipient's compliance with WIOA, regulations and the terms and conditions of Federal awards; and
- (4) Taking prompt action when instances of noncompliance are identified.

Additionally, per 2 CFR § 200.302(b)(4), the financial management system of each non-Federal entity must provide for "Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes."

Further, 2 CFR § 200.328(a) stipulates:

Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function, or activity.

20 CFR § 677.240(a) requires that: “States must establish procedures, consistent with guidelines issued by the Secretary of Labor or the Secretary of Education, to ensure that they submit complete annual performance reports that contain information that is valid and reliable, as required by WIOA sec. 116(d)(5).” In Program Years (PY) 2014 and 2015 waived WIOA program-reporting requirements to allow the statistical adjustment model to populate with adequate state data. The early data established benchmarks for subsequent years and is the basis for agreed upon performance levels during negotiations.

False reporting hinders the ability of state and local areas to assess performance, sufficiently adjust services adequately, and impedes ETA’s ability to gain an accurate picture of outcomes to justify expenditures. In this instance, the impact of the false performance reporting will likely manifest in the performance outcomes of the Entered Employment Rate at second and fourth quarters after exit and the Job Retention Rate measures.

The use of funds and the reporting and performance requirements of WIOA and WP grantees require recipients and sub-recipients to report accurate data for reportable individuals and the services provided. The absence of adequate and appropriate internal controls was a contributing factor in enabling management and staff to falsify documents and service records for individuals. The lack of controls resulted in inaccurate data reporting, inflated Performance Funding Model performance outcomes, and inappropriate local staff incentive earnings. The source of all of these violations was a culture that tolerated the reporting of falsified placements.

With regard to participant and services, 20 CFR 651.10 specifies relevant definitions applicable to the regulation. “Participant means a reportable individual who has received services other than the services described in 677.150(a)(3) of this chapter, after satisfying all applicable programmatic requirements for the provision of services, such as eligibility determination.” Similarly:

Placement means the hiring by a public or private employer of an individual referred by the ES office for a job or an interview, provided that the employment office completed all of the following steps:

- (1) Prepared a job order form prior to referral, except in the case of a job development contact on behalf of a specific participant;
- (2) Made prior arrangements with the employer for the referral of an individual or individuals;
- (3) Referred an individual who had not been specifically designated by the employer, except for referrals on agricultural job orders for a specific crew leader or

worker;

(4) Verified from a reliable source, preferably the employer, that the individual had entered on a job; and

(5) Appropriately record the placement.

Required Action: 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 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.

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.

Additionally, 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.

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.

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GRANTEE RESPONSE (June 28, 2019): DEO has taken a phased approach to ensuring that falsified placements and fabrication of information and records are eliminated by introducing enhanced measures to prevent the ability of local staff to falsify participant records and data. Additionally, CareerSource Pinellas and CareerSource Tampa Bay have taken steps to ensure that staff no longer follow the previously adopted practices. To date, the following actions have been taken:

DEO enhanced its statewide management information system to increase direct jobseeker and employer communication to confirm the accuracy of activities and services provided.

- DEO updated the state's labor exchange system (Employ Florida) to alert jobseekers upon their registration in Employ Florida. The system update sends a message to the job seeker to confirm the jobseeker's registration. The message also includes the DEO

- Customer Information Center's contact information and informs job seekers to contact DEO if they did not initiate or authorize their Employ Florida registration (Attachment 1.1) – **completed May 2019.**
- DEO updated Employ Florida to immediately alert employers when a hire is recorded on their job orders in Employ Florida. The message also includes the DEO Customer Information Center's contact information and employers are informed to notify DEO if they did not authorize the posting of a position in Employ Florida and/or did not fill the position (Attachment 1.1) – **completed May 2019.**
 - DEO is reviewing the existing state level performance incentive policy and methodology to ensure that it does not incentivize boards to falsify performance.
 - DEO updated the annual financial monitoring internal control questionnaire, requiring both the Executive Director and the LWDB Chair to sign the completed form indicating his or her review and approval of the responses to the questionnaire (Attachment 1.2) – **completed September 2018.**
 - CareerSource Tampa Bay has completed the following corrective actions toward compliance:
 - Developed an outreach plan for the universal job seeker on how to register on Employ Florida for job search assistance – **completed January 2019.**
 - Ceased acquisition and use of all new hire lists for all programs associated with Business Services – **completed February 2018.**
 - CareerSource Pinellas has completed the following corrective actions toward compliance:
 - Reviewed the hire list process and no longer uses hire lists for placements (Attachment 1.3) – **completed July 2018.**
 - Procured a One-Stop Operator whose role, in part, is to conduct monitoring of all programs bi-annually and report those findings to the Board of Directors (Attachment 1.4) – **completed November 2018.**
 - Made immediate changes to program activities as identified by USDOL ETA and DEO to include discontinuation of staff incentives, revised procedures/guidebooks, and provision of additional programmatic staff trainings (Attachment 1.3) – **completed May 2019.**

The following corrective actions are in progress:

- DEO is developing a LWDB data dashboard designed to help identify data anomalies, such as missing/suspicious contact information, incomplete/missing background information and/or resume, and a short time span between registration and job placement, which will be analyzed by the DEO and LWDBs. An explanation will be required from the LWDB staff to determine if the anomaly reflects local operational processes or if a data anomaly reflects an issue which needs to be addressed. DEO will use this information to identify opportunities to provide training and technical assistance to LWDBs if needed. The goal is to decrease and eliminate future errors/anomalies associated with data and to address data anomalies timely. DEO will adopt a process to

share data anomalies with the LWDBs for review and require corrective actions, as needed. The dashboards will also be a data tool for LWDBs to use to quickly identify data gaps and anomalies.

- DEO will review and update the financial monitoring tools and/or internal control questionnaire to include the following:
 - Bonuses – to assist the LWDBs in identifying any bonus programs that may be unknowingly incentivizing employees to commit fraud.
 - Pay raises – to ensure that all raises are reasonable and approved by the appropriate staff including the Board of Directors, as needed, prior to the raise becoming effective;
 - Expanded disbursement sampling to include payments for participant program services – to ensure the disbursements are adequately supported through documentation of participant eligibility. DEO’s programmatic monitors will confirm participants included in the sample are eligible for the services received.
 - Positive confirmation - DEO will contact a sample of participants to ensure they received services from the LWDBs career center.
 - Related party agreements – DEO will review 100 percent of all agreements made with related parties and sample payments to ensure payments are fully supported.
 - Analytical procedures – to determine whether certain employers receive a disproportionate share of funding for participants as compared to the total participants receiving services.

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.

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.

GRANTEE RESPONSE (June 28, 2019): Prior to the issuance of the report, DEO evaluated the guidance provided in the current state policies. DEO identified and implemented opportunities to strengthen and clarify policy language in state-level policies to lessen ambiguity and support consistency across the state. Additionally, DEO used the policy evaluation process to identify if additional WIOA policies to provide guidance needed to be developed. The following policies were either updated, revised, or developed, and finalized prior to the issuance this corrective action plan:

- [Administrative Policy 009 – On-the-Job Training](#) (Attachment 1.5)
- [Administrative Policy 096 – Jobseeker Registration](#) (Attachment 1.6)
- [Administrative Policy 098 – Employer Services](#) (Attachment 1.7)
- [Administrative Policy 099 – Job Orders and Placements](#) (Attachment 1.8)

DEO provided intensive, on-site programmatic training and technical assistance to the staff at CareerSource Tampa Bay and CareerSource Pinellas in January 2019. The training provided an opportunity for all LWDBs to attend training and to ensure the local service delivery strategies and processes align with state and federal guidelines. Additionally, DEO has completed the following actions:

- Provided hands-on demonstrations on the correct use of Employ Florida – **completed February 2019.**
- Implemented a statewide training schedule and provided in-person training for all LWDBs for programs administered by the LWDBs, including Wagner Peyser, WIOA, Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T), Federal Bonding and Welfare Transition (WT). DEO will develop and implement a consistent annual statewide training schedule for programs administered by the LWDBs. Conducted WIOA statewide training series during the months of March and April 2019, as outlined in the table below:

Day 1 Training Topic	Training Elements
WIOA Youth Program Overview	<ul style="list-style-type: none"> • History • Populations (OSY and ISY) • Eligibility • Barriers • Supportive/Follow-up Services • Low Income
WIOA Youth Program Design	<ul style="list-style-type: none"> • Objective Assessment • Individual Service Strategy • 14 Program Elements
WIOA Adult and Dislocated Worker Eligibility	<ul style="list-style-type: none"> • Eligibility Criteria • Source Documentation

WIOA Adult and Dislocated Worker Program Design	<ul style="list-style-type: none"> • Basic Career and Individualized Services • Training Services
Documenting in Employ Florida/Walk through	<ul style="list-style-type: none"> • Pre/Post-tests • Measurable Skill Gain • Credential Attainment • Other

Day 2 Training Topic	Training Elements
WIOA Adult and Dislocated Worker Program Design	<ul style="list-style-type: none"> • Support Services • Follow-up Services Pre-and Post-Exit • Co-enrollment • Exit Requirements • ETPL • TOL
Measurable Skill Gains	<ul style="list-style-type: none"> • Who is in the measure and when • Types of Skill Gains • How to record Skills Gains in Employ Florida
Service Code Review	<ul style="list-style-type: none"> • Review of the most frequently used Service Codes
Work-Based Training	<ul style="list-style-type: none"> • Identifying the types of work-based training • Service codes associated with each type of work-based training • Recording of worksite, provider and O*Net code information
On-the-Job Training	<ul style="list-style-type: none"> • Eligibility • Defining on-the-job training • Employed workers • OJT Training Plan • OJT Contract Requirements • Payments to workers • Reverse Referral • OJT, Registered Apprenticeships and Pre-Apprenticeships
Workforce Statistics and Economic Research	<ul style="list-style-type: none"> • Overview

- Partnered with CareerSource Florida and Maher and Maher to implement a comprehensive WIOA program performance metrics training series (Attachment 1.9) The training series offered LWDBs a closer look at WIOA’s Primary Indicators of Performance, ways to measure and improve performance for Business Services and suggestions for aligning strategies to performance. The trainings were conducted through a blended approach using webinars, in-person meetings and other learning tools. The modules and topics covered during the training sessions include:

WIOA Performance Metrics Course or Workshop	Method	Delivered
1. WIOA Overview and Performance Training	Webinar	June 2018
2. Interactive Performance Workshop	In-Person	September 2018
3. Measuring & Improving Performance for Business Services	Webinar	October 2018
4. Approaches to Aligning Strategies to Performance	In-Person	December 2018

The training sessions and workshops were recorded and are accessible at any time to the LWDB staff in the DEO Learning Management System.

CareerSource Tampa Bay has taken the following corrective actions toward compliance:

- Created a policy/performance position dedicated to providing additional local guidance and training for staff on TEGs, DEO policies, and policy changes - **completed prior to May 2019.**

CareerSource Pinellas has taken the following corrective actions toward compliance:

- Revised internal policies and processes (Attachments 1.10, 1.11, 1.12, and 1.13) to include placements, job orders, and eligibility – **completed May 2019.**

The following corrective actions are in progress:

- CareerSource Tampa Bay will prepare policy and procedures on each of the three areas: job seeker registrations, job orders, and placements to comply with the following DEO Policies:
 - Administrative Policy 096 – Job Seeker Registration
 - Administrative Policy 098 – Employer Services, and
 - Administrative Policy 099 – Job Orders and Placements.
- CareerSource Tampa Bay will develop a training plan by department (program and fiscal) to incorporate essential job functions to ensure staff understand compliance requirements.
- CareerSource Pinellas will work with DEO and the One-Stop Operator to review and finalize revised policies and processes before conducting the necessary trainings and distribution to staff.

- CareerSource Pinellas will develop a Policy, Reports and Quality Assurance Lead position dedicated to focusing on providing local guidance and training for staff on TEGs, DEO policies and policy changes. This position was approved by the Board of Directors on June 5, 2019 and will be effective July 2019.
- CareerSource Pinellas' One-Stop Operator will assist in reviewing desk guides and developing a plan to ensure the process for reviewing policies & procedures are updated (Attachment 1.14).
- CareerSource Pinellas is conducting on-going internal monitoring (Attachment 1.15).
- DEO is developing a comprehensive performance policy that will provide guidance to LWDBs on proper reporting of services and data validation, as well as information on how DEO and LWDBs will work together to ensure performance goals are met while maintaining ethical practices.

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.

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.

GRANTEE RESPONSE (June 28, 2019): DEO requests technical assistance from the USDOL ETA regional team to examine the back-up documentation (criteria, listing of falsified placements, work papers, sampling list, etc.) used by USDOL ETA to develop the compliance review report. DEO requests that USDOL ETA provide the specific records and files used to identify all individuals in CareerSource Tampa Bay and CareerSource Pinellas workforce board areas reviewed by USDOL and used to asserted to be the subject of falsified placements as well as USDOL ETA's methodology for calculating the questioned costs. Once the review and assessment of falsified placements are completed and validated, DEO will work with the USDOL ETA performance team to adjust reporting and statistical models, as deemed appropriate.

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 assistant 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.

Finding #2: Lack of Documented Program and Service Eligibility for OJT Participants
CMG Indicators: 1.e Participant Services; 3.a Internal Controls, and 3.f Allowable Cost

Participants enrolled in the OJT program did not meet program and service eligibility requirements for WIOA OJT services, as required. CSTB and CSP case files did not contain documentation that supported eligibility for OJT training services. Files, including case notes, did not include documentation supporting eligibility, comprehensive assessment, or an Individual Employment Plan (IEP) to determine eligibility and suitability for OJT. The case files lacked evidence that staff completed appropriate skills gaps analyses and determinations. The number of training hours needed to fill identified skills gaps were never determined appropriately to ensure participants received the proper OJT training for in-demand occupations.

As discussed earlier in the report, management instructed employers to submit weekly hire lists to the local areas. Some lists were of individuals the employers had recently hired. The local areas used these lists to report falsified placements, typically under the WP program. For some employers, these hire lists included individuals whom the employer had already interviewed and planned to hire.

CSTB and CSP also organized one OJT team for all programs in both local areas. This team also processed the OJT hire lists, registered and enrolled individuals in OJT services, and developed OJT agreements between employers and individuals. The team also used the hire lists to scan the State system for existing records of individuals. WIOA case managers referred a few individuals from the lists to employers as potential OJT participants, and therefore some OJT enrollments may be legitimate WIOA OJT cases. For non-referrals, the team checked the individuals' dislocated worker status through the unemployment system to determine their eligibility. Once they determined eligibility, the team would meet the individuals at the work site on the start date of employment to gather OJT registration and enrollment documentation. Staff recorded the potential OJT participants from the hire lists who did not enroll in or meet OJT eligibility into the system as positive job placements by falsifying the individuals' services.

Additionally, the majority of files reviewed exhibited that, regardless of a referral, the individuals on these lists who enrolled in OJT did not meet the eligibility requirements, per WIOA regulations. Case files reviewed contained no case notes, comprehensive assessments, career planning or IEP, or the determination of the need for OJT training services. In almost all cases, staff entered all WIOA services and the job referrals on the Friday before the start date, followed by a WP placement recorded three days later. In some cases, the staff completed the OJT registration and enrollment process after the employee had already started work, and then backdated the documentation.

In most files reviewed, OJT contracts did not document what skills participants would

obtain through OJT training. Most files omitted this information, often referring to a job order for further information or providing generic, standard contract language to identify the maximum number of hours without identifying skills to be learned or providing any basis for the number of hours needed for training and which employer to reimburse. Interviews with staff revealed that using a generic timeframe of up to ten weeks for training and reimbursement to employers was a standard practice. This practice essentially assigns a standard number of hours used for employer reimbursements, without documented evidence of the participant’s skill needs. In addition, all OJT contracts, containing each employer’s signature, were located on an internal database for the purpose of staff having the ability to print them. Staff were able to add start dates, thereby violating program requirements. Several contracts in the Atlas WIOA case management system appeared to be reprinted contracts with dates added by the staff completing the contracts. Furthermore, there was no evidence of ongoing or follow-up monitoring, collection of timesheets, or case management for the majority of OJT participants. Employers sent all the paystubs to the local area upon the conclusion of the individual’s OJT contract to receive direct payment of the 50 percent wage reimbursement.

The reviewer also examined financial records for OJT payments made to employers during the period July 1, 2013, through June 30, 2018. The OJT payments made by each Local Workforce Development Area (LWDA) are below:

LWDA	OJT Payments
Pinellas	\$4,151,420.62
Tampa Bay	\$5,602,503.13
TOTAL	\$9,753,923.75

The entire OJT process and transactions between the local areas and employers supported the employers with 50 percent wage reimbursement and enabled the local areas to claim positive placement outcomes. The local areas provided wage reimbursements to employers without accurate or appropriate eligibility determination and without providing any actual services to the participants. This does not meet the intent or requirements for WIOA OJT, per the statute or regulations. Through case file reviews, staff interviews, and process documentation reviews, it was clear that this process was the local areas’ primary process for OJT enrollments.

Due to the extensiveness of the non-compliance issues, the widespread application of these practices throughout the local areas’ grant systems, ETA questions all OJT payment costs.

Criteria: Per 20 CFR § 680.110(a), adults and Dislocated Workers become participants through a registration process. “Registration is the process for collecting information to support a determination of eligibility [...] Individuals are considered participants when they have received a Workforce Innovation and Opportunity Act (WIOA) service other than self-service or information-only activities and have satisfied all applicable programmatic requirements for the provision of services, such as eligibility determination.”

While eligibility for WIOA career services is more simplified, WIOA training services, such as OJT, require additional activities to ensure participants receive appropriate services.

Aside from program eligibility, AJC staff must also determine service eligibility, or the need

and appropriateness of training services for the participant. Per 20 CFR § 680.210:

Under WIOA sec. 134(c)(3)(a) training services may be made available to employed and unemployed adults and dislocated workers who:

(a) A one-stop center or one-stop partner determines, after an interview, evaluation, or assessment, and career planning, are:

- (1) Unlikely or unable to obtain or retain employment that leads to economic self-sufficiency or wages comparable to or higher than wages from previous employment through career services;
- (2) In need of training services to obtain or retain employment leading to economic self-sufficiency or wages comparable to or higher than wages from previous employment; and
- (3) Have the skills and qualifications to participate successfully in training services.

20 CFR § 680.220(b) continues:

The case file must contain a determination of the need for training services under § 680.210 as determined through the interview, evaluation, or assessment, and career planning informed by local labor market information and training provider performance information, or through any other career service received. There is no requirement that career services be provided as a condition to receipt of training services; however, if career services are not provided before training, the Local WDB must document the circumstances that justified its determination to provide training without first providing the services described in paragraph (a) of this section.

If determined to be appropriate for an individual to obtain or retain employment, comprehensive and specialized assessments of the skill levels and service needs may include, “development of an individual employment plan, to identify the employment goals, appropriate achievement objectives, and appropriate combination of services for the participant to achieve the employment goals, including providing information on eligible providers of training services [...]”

Further, 20 CFR § 680.700(c) indicates, “An OJT contract must be limited to the period required for a participant to become proficient in the occupation for which the training is being provided. In determining the appropriate length of the contract, consideration should be given to the skill requirements of the occupation, the academic skill level of the participant, prior work experience, and the participant’s IEP.” The appropriate implementation of these program requirements were lacking.

Lastly, OJC contracts may be written for eligible employed workers when, as according to 20 CFR § 680.710(c), “The OJT relates to the introduction of new technologies, introduction to new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purpose identified by the LWDB.”

Required Action: 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. 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. In addition, the LWDA's 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, IEPs, case notes, and follow-up services to support the need for training and to ensure the participants' success in the program. 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.

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. 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.

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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions relating to the OJT program eligibility requirements prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until DEO determines they are satisfactorily resolved.

CareerSource Tampa Bay has taken the following actions towards compliance:

- Participated in WIOA technical assistance conducted by DEO – **completed March 2019.**

CareerSource Pinellas has taken the following actions towards compliance:

- Participated in WIOA technical assistance conducted by DEO – **completed March 2019.**
- CareerSource Pinellas drafted and updated a desk guide for all programs that fund OJT/Paid Work Experience (PWE) programs, such as TANF, WIOA, and TAA and will submit the desk guide to DEO for review and approval (Attachment 2.1).

The following corrective actions are in progress:

- DEO will also enhance programmatic monitoring tools to ensure that all WIOA training services documentation is compliant with WIOA law.
- DEO will update the internal control questionnaire to require annual review of board policies, instructions and processes based on the WIOA criteria for OJT program eligibility.
- CareerSource Tampa Bay is conducting an organizational re-alignment with Business Services and Program Services. This re-alignment shifts OJT eligibility and placements from Business Services staff to Program Services staff. Business Services

- staff will focus on attracting and engaging businesses.
- Upon approval and implementation of the desk guides, CareerSource Pinellas will hold training to ensure staff understand the requirements and intent of OJT and how to communicate the program to employers.

DEO will ensure that CareerSource Tampa Bay and CareerSource Pinellas update their policies, instructions, and processes to comply with the criteria for OJT 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.

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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has taken the following actions toward compliance:

- Modified OJT, Employed Worker Training (EWT), and PWE agreement templates to reflect ETA and DEO best practices – **completed March 2019.**
- Added a year-end date to the OJT, EWT, and PWE agreements to establish a financial period end with an annual term limit – **completed March 2019.**
- The LWDB attorney reviewed and edited the OJT/PWE agreement and provided suggested modification to strengthen the existing language to the applicant and employer – **completed March 2019.**
- Modified processes in order to comply with job order and candidate referrals related to OJT and PWE. The LWDB no longer completes Employ Florida referrals (Attachment 2.2) – **completed prior to May 2019.**

CareerSource Pinellas has taken the following actions toward compliance:

- Modified OJT, EWT and PWE processes and drafted new desk guides. These will be submitted to DEO for review – **completed prior to May 2019.**

The following corrective actions are in progress for this finding:

- CareerSource Pinellas is currently conducting a full review of the local area's desk guides for all programs that fund OJT/PWE. Upon approval and implementation of the desk guides, training will be held to ensure staff understand the requirements and

intent of OJT and how to communicate the program to employers.

- CareerSource Tampa Bay will conduct a joint training session with the Business Services team and Program Services team to review local policies and procedures.

DEO will ensure that both CareerSource Tampa Bay and CareerSource Pinellas provide training for all staff, both case managers and Business Services staff, to ensure that staff understand the requirement and intent of OJT, including how to communicate and explain the program to employers. DEO programmatic monitoring will include interviews of LWDB staff to ensure an adequate understanding of the requirements and intent of OJT.

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.

2.3 The LWDA's 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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Reviewed the USDOL toolkit on OJT policy and researched other national/statewide best practices to develop local policy – **completed December 2018.**
- Revised WIOA/OJT enrollment, follow-up and monitoring forms to ensure compliance – **completed March 2019.**
- Modified the OJT Staffing Structure:
 - Integrated Business Services OJT team with the WIOA Program team; and
 - Implemented process for the use of OJT job orders with WIOA occupational skills training completers (90 days prior to completion) and job search – **completed prior to May 2019.**
- Implemented staff policies and procedures on OJT (Attachments 2.3, 2.4) – **completed March and May 2019.**

CareerSource Pinellas has completed the following corrective actions towards compliance:

- Reviewed the hire list process for determining OJT/PWE and immediately directed that staff no longer utilize hire list for reverse referrals, based on USDOL ETA and DEO guidance relating to OJT/PWE.

The following corrective actions are in progress:

- CareerSource Tampa Bay is conducting an organizational re-alignment with Business Services and Program Services, to include shifting OJT eligibility and placement from Business Services to Program Services and shifting Business Services' focus to attracting business and business engagement.
- CareerSource Pinellas is currently conducting a full review of desk guides. Upon approval and implementation of the desk guides, training will be held to ensure staff understand the requirements and intent of OJT and how to communicate the program to employers.
- CareerSource Pinellas will conduct a full review of OJT/PWE policy and will make additional changes as necessary.

DEO will ensure that both CareerSource Tampa Bay and CareerSource Pinellas will reevaluate and revise, as necessary, their current local OJT policy on assessing participants and developing documentation that supports the need for OJT training, the use of assessment results, IEPs, case notes, and follow-up services to support the need for training and to ensure the participants' success in the program. Further, DEO will update the financial monitoring tool to ensure that adequate documentation supports the need for participant program service, including but not limited, to OJT training. Monitoring procedures will test for the existence of assessment results, IEPs, case notes, and follow-up services.

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.

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.

GRANTEE RESPONSE (June 28, 2019): DEO has taken the following corrective actions to resolve the noted issue:

- Enhanced the OJT sections of the programmatic monitoring tool to ensure that beginning in the Program Year 2018-2019 monitoring cycle, OJT participant files examined meet all necessary federal and state requirements for eligibility and training – **completed August 2018.**
- Provided on-site technical assistance for CareerSource Tampa Bay and CareerSource Pinellas for the OJT program – **completed February 2019.**
- Conducted statewide training for all LWDBs on the OJT Program during the months of March and April 2019 – **completed April 2019.**
- Revised Administrative Policy 009 – On-the-Job Training by strengthening the policy to ensure all federal and state guidelines are clearly stated – **completed June 2019.**

The following corrective action is in progress:

- DEO will update the financial monitoring tool to ensure that adequate documentation

supports the need for participant program service, including but not limited to OJT training. Monitoring procedures will test for the existence of assessment results, IEPs, case notes, and follow-up services.

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.

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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Eliminated the process of WIOA eligibility on all universal customers and transitioned to a process of determining eligibility for those who request WIOA-funded assistance – **completed March 2018.**
- Incorporated the OJT team into the business services model, requiring Account Executives and Recruiters to recruit for OJT job orders by targeting WIOA and WT program participants as potential OJT candidates, as well as utilizing Employ Florida and Monster resources to source candidates. The Management Information System (MIS) provides monthly updated lists – **completed prior to May 2019.**

CareerSource Pinellas has completed the following corrective actions towards compliance:

- Incorporated the OJT team into the Business Services model, requiring Account Executives and Recruiters to recruit for OJT job orders sourcing WIOA, and Welfare Transition program completers, Employ Florida and Monster resources. The Management Information System (MIS) provides monthly updated lists – **completed prior to May 2019.**

The following corrective actions are in progress:

- CareerSource Pinellas plans to hire a consultant or assign staff to review the OJT files to help determine compliance with program eligibility requirements and potentially address questioned costs.

DEO will ensure that both CareerSource Tampa Bay and CareerSource Pinellas area staff verify that all required actions for OJT participants 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.

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.

GRANTEE RESPONSE (June 28, 2019): In August of 2018, DEO enhanced the OJT sections of the programmatic monitoring review tool to expand the participant file review process for Program Year 2018- 2019 and future year monitoring review cycles. This further ensures that OJT participant files being examined are meeting all necessary federal and state requirements. Additionally, the OJT policy was revised to further clarify management review oversight and practices in administering the OJT program statewide.

The following corrective actions are in progress:

- DEO fiscal and programmatic monitoring staff will jointly take the following steps:
 - Identify all OJT participants from CareerSource Tampa Bay and CareerSource Pinellas for Program Years 2013 through 2018 and their related payments.
 - Review and evaluate all OJT eligibility documentation provided by CareerSource Tampa Bay and CareerSource Pinellas to determine whether the participants were eligible.
 - Verify whether reimbursements made to employers were valid.
 - Prepare the final report identifying individuals deemed ineligible and recalculate questioned costs.
- CareerSource Tampa Bay will procure an independent external firm to assist in the review of question costs.

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.

Finding #3: Supportive Services Payments Potentially Issued to Ineligible Participants
CMG Indicators: 1.e.6 Supportive Services, 3.a Internal Controls, and 3.f Allowable Cost

Reviewers uncovered that CSTB and CSP provided supportive services and incentives to WIOA participants without identifying a need to participate in the career or training services they received. This is not compliant with WIOA eligibility requirements for receiving supportive services and incentives. The use of questionable eligibility determination for WIOA programs, including OJT, supports a high level of probability that supportive services and incentives payments also involved ineligible participants. Additionally, reviewers discovered that staff issued gas cards or VISA gift cards to participants enrolled in OJT and Paid Work Experience activities without determining their need for supportive services. In most cases, staff mailed gift cards to participants, instead of issuing them in person; a practice contrary to their policy. In addition, staff did not verify if the intended recipients received the gift cards. Both local areas issued a substantial number of gift cards for supportive services from July 1, 2013, through June 30, 2017.

Supportive Service – Gas/VISA Cards Issued		
LWDA	Amount	# of cards issued
Pinellas	\$1,406,048	23,108
Tampa Bay	\$4,043,065	65,911
TOTAL	\$5,449,113	89,019

Criteria: 2 CFR § 200.300(b) states, “The non-Federal entity is responsible for complying with all requirements of the Federal award [...].” 2 CFR § 200.302(b)(4) continues, denoting the responsibility for the “Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.” In addition to 2 CFR § 200.303(a), which requires that the non-Federal entity must “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award[...].”

Finally, 20 CFR § 680.910 prescribes that:

- (a) Supportive services may be provided to individuals who are:
 - (1) Participating in career or training services as defined in WIOA sec. 134(c)(2) and (3); and
 - (2) Unable to obtain supportive services through other programs providing such services.
- (b) Supportive services only may be provided when they are necessary to enable individuals to participate in career services or training activities.

Required Action: Both CSTB and CSP 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. 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.

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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions towards compliance:

- Revised the supportive service policies and procedures to ensure appropriate and sufficient internal controls are in place regarding eligibility, issuance, storage and reconciliation of supportive service throughout the local area in August 2018. The policy was subsequently revised and approved by the Board of Directors (Attachment 3. 1) – **completed March 2019.**
- Developed staff procedure desk guide to support the supportive service policy (Attachment 3. 2) – **completed March 2019.**
- Updated their desk guides to reflect updated policies and changes. CareerSource Tampa Bay changed the Statement of Needs policy for WIOA and WT/SNAP E&T programs to include exclusion of benchmarks and reduced dollar amount of support service per need, based on transportation research – **completed March 2019.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- Supportive services changes were implemented by the Interim Executive Director which immediately discontinued several, if not all, mentioned previous practices. These changes were communicated to all CareerSource Pinellas staff via email as well as directions were further clarified for all Programs staff (Attachment 1.3) – **completed July 2018.**
- Launched an updated participant Statement of Need form to ensure services offered were in line with all immediate changes (Attachment 3.3) – **completed July 2018.**
- Updated the Support Service standard operating procedures (Attachments 3. 4 and 3.5). Implementation of policy changes ensured:
 - o Appropriate and compressive assessment of participant needs were completed prior to issuance of services;
- Removed all programmatic benchmarks and incentives;
- Reemphasized and established, where needed, annual service caps; and
- Realigned determination of eligibility to be in full compliance with WIOA regulations – **completed July 2018.**
- Implemented a process to review the supportive services cap to ensure a participant is not allowed to exceed the set cap for every supportive service issuance. Review of the dollar cap is completed by two staff members within the customer tracking systems (One-Stop Service Tracking and Employ Florida) (Attachment 3. 6) – **completed July 2018.**

- Career Source Tampa Bay is seeking guidance from CareerSource Florida regarding specific language contained in their draft supportive service policy. DEO will update the financial monitoring tool to ensure a sampling of issuance of prepaid gas/VISA gift cards are supported by documentation indicating the participant’s eligibility and need for the supportive services. DEO is also updating the Grantee-Subgrantee Agreement with all LWDBs to include the following language:

“The Board hereby certifies to DEO that written administrative procedures, processes, and fiscal controls are in place for the payment of supportive services including, but not limited to prepaid gas and/or VISA cards. Controls must address issuance, storage, and reconciliation of prepaid gas/VISA cards. The Board 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(s) of the participant(s).”

DEO will ensure that both CareerSource Tampa Bay and CareerSource Pinellas develop supportive services policies and procedures that include appropriate assessment of participant need for supportive services and establish a supportive services system that provides assistance in the actual amount of need. Additionally, DEO will ensure that LWDB policies follow federal law and state policy/guidance.

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.

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.

GRANTEE RESPONSE (June 28, 2019): The PY 2018-19 financial monitoring tool was updated to include walkthroughs of controls surrounding the prepaid gas/VISA cards at each workforce board to verify proper internal controls surrounding issuance, storage, and reconciliation of these cards. The following corrective actions are in progress:

- The DEO fiscal monitoring tool will be updated to include the following:
 - Ensure that the existence of adequate documentation supports the eligibility for the receipt of supportive services including, but not limited to gas/VISA cards.
 - Evaluate whether the value of the supportive service provided is consistent with the documented need of the participant.
 - Select a sample of participants to contact to ensure they received services from the local board’s career center.
- DEO fiscal and programmatic monitoring staff will jointly take the following steps:
 - Identify all gas/VISA cards issued for supportive services by CareerSource Tampa Bay and CareerSource Pinellas for program years 2013 through 2018.
 - Review and evaluate eligibility documentation for each participant.

- Determine whether value of the gas/VISA cards provided was supported by the participant's documented need.
- Identify individuals deemed ineligible.
- For eligible participants, compare documented need to the value of the gas/VISA cards provided.
- Recalculate questioned costs.

CareerSource Tampa Bay will procure an independent external firm to assist in the review of questioned costs.

CareerSource Pinellas plans to hire a consultant or assign staff to review the gas VISA cards issued for supportive services to determine compliance with program eligibility requirements.

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.

Finding #4: Improper Business Services Staff Incentive Compensation
CMG Indicators: 3.a Internal Controls and 3.f Allowable Cost

The Business Services staff incentive plans from 2013 through 2017 for both CSTB and CSP provided a maximum incentive amount of \$12,000 annually for the attainment of performance measures. The Business Services staff eligible to earn incentives were account executives and recruiters. Staff received incentives on a monthly basis dependent on the overall contribution the individual made to the attainment of regional monthly and quarterly goals, as directed by their supervisor. Business Services staff, like non-business service staff, were eligible to receive an annual performance stipend in addition to the monthly incentives. The yearly performance stipend paid to Business Services staff in 2016 through 2017 ranged from \$700 to \$2,400.

Fiscal Year Dates	Business Services Incentives Paid	# of Staff Paid Incentives
July 1, 2013-June 30, 2014	\$556,123.09	70

July 1, 2014-June 30, 2015	\$661,719.45	73
July 1, 2015-June 30, 2016	\$492,925.00	61
July 1, 2016-June 30, 2017	\$321,118.58	47
TOTAL	\$2,031,886.12	

The fiscal compliance reviewer examined payroll records, incentive plans, and incentive payment documents for the period from July 1, 2013, through June 30, 2017. The reviewer noted that the incentives paid to the Business Services staff equated to between 20 and 30 percent of their base salaries. The reviewer also noted instances of incentives paid to non-business services staff and payments higher than the calculated incentive amount. For example, the incentive worksheet for September 2017 showed the calculated incentive for Recruiter A was \$528.20, but the amount approved was \$700.

There is evidence that management frequently reassigned staff from incentive earning positions to non-incentive earning positions. In interviews, staff disclosed that management punished employees who questioned or challenged directives. Mr. Peachey developed the incentive plan and approved all incentives paid to Business Services staff. No other local area in the State paid incentives for placements. The incentive plans promoted performance by incentivizing employees to fabricate records that the local areas improperly reported as positive outcomes.

Criteria: 2 CFR § 200.300(b) states, “The non-Federal entity is responsible for complying with all requirements of the Federal award [...]”

2 CFR § 200.302(b)(4), requires the “Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.”

2 CFR § 200.303(a) further states that the non-Federal entity must “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award[...].”

Finally, 2 CFR § 200.430, Compensation – personal services, specifies the requirements regarding compensation paid for personal services. At § 200.430(a)(1), it is a stated requirement that the total compensation for individual employees “Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entities consistently applied [...] (2) Follows an appointment made in accordance with a non-Federal entity’s laws and/or rules or written policies and meets the requirements of Federal statute, where applicable.” At § 200.430(b), reasonableness, requires that “Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity[...].” and

(f) Incentive compensation. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.

Additionally, as a function of the board's responsibilities, 20 CFR § 679.370 (i)(2) requires the board to "Ensure the proper use and management of the funds provided under WIOA"; and "Ensure the appropriate use management of the funds provided under WIOA subtitle B for the youth, adult, and dislocated worker activities and one-stop delivery system in the local area," and § 679.370 (i)(3) continues "Ensure the appropriate use management, and investment of funds to maximize performance outcomes under WIOA sec. 116."

Required Action: 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. 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. 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.

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.

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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed corrective actions prior to the issuance of the compliance review report:

- CareerSource Tampa Bay has discontinued all monetary incentives based on performance – **completed August 2018.**
- CareerSource Pinellas has eliminated the Business Services incentive program – **completed August 2018.**

The following corrective action is in progress:

- DEO will include the review of bonuses, pay raises, and benefits in the fiscal monitoring tool to ensure that the costs are reasonable, necessary for the performance of the award, and are a prudent use of federal funds. The monitoring tool will also

- ensure compliance with local policy.
- CareerSource Tampa Bay is in the process of engaging with a Human Resource Consultant to review the current compensation and benefits for LWDB staff are reasonable for the performance of the award.

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.

The corrective action plan to address the finding states DEO’s fiscal monitoring tool will be updated to include the review of bonuses, pay raises, and benefits. The corrective action plan also states that CareerSource Tampa Bay will engage the services of a Human Resource consultant to review the reasonableness of current compensation and benefits for LWDB staff. While these actions are in progress, a timeline for implementing these actions and resolving the finding was not provided.

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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Modified the business services compensation structure. The incentive structure was removed and the compensation of business services staff were adjusted. Ninety- five percent of the 2017 incentive earned by Business Services and Account Executive and Recruiters was used as a benchmark for the compensation adjustment – **completed August 2018.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- Eliminated the Business Services incentive program in August 2018. On September 18, 2018, the Board of Directors voted to increase the base salaries for Business Services Account Executives to the current established range (Attachment 4.1) – **completed September 2018.**

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.

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.

GRANTEE RESPONSE (June 28, 2019): DEO will require CareerSource Tampa Bay and CareerSource Pinellas to work with DEO staff to identify all employees who falsified records. Upon the identification of all employees who falsified records, DEO will ensure the appropriate disciplinary action is taken.

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

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.

GRANTEE RESPONSE (June 28, 2019): The following corrective actions are in progress:

- DEO fiscal and programmatic monitoring staff will jointly take the following steps:
 - Identify all Business Services staff who received bonuses from CareerSource Tampa Bay and CareerSource Pinellas from July 1, 2013 to June 30, 2017.
 - Identify all Business Services staff who falsified records.
 - Analyze bonuses for staff who did not falsify records to determine whether they were reasonable, necessary for the performance of the award, and were a prudent use of federal funds.
 - Recalculate questioned costs.
- CareerSource Tampa Bay will procure an independent external firm to assist in review of questioned costs.
- CareerSource Pinellas plans to address the findings of questioned costs by hiring a consultant or assigning staff to review the Business Services Staff incentives in order to determine compliance.

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.

Finding #5: Improper Executive Director and Management Compensation Salary Increases, CMG Indicators: 2.h.3 Salaries and 3.a Internal Controls

The review documented that the level of compensation paid the CEO, Mr. Ed. Peachey, increased at an annual rate of 25 percent between July 2009 and December 2017, increasing from \$120,000 per year to \$209,400 per year without sufficient justification or authorization by the CLEOs. While some salary increases were sent to the CSP LWDB for approval,

several increases were not sent forth and approved by the LWDB. The examiner could not find documentation that the CEO followed LWDB policies and procedures governing pay increases, including documentation authorizing salary increases. Below is a table displaying each of the pay increases from October 2002 through December, 2017.

Calculation of questioned salary costs:

Date:	Annual Salary:	Health & Welfare Benefits Stipend:	Approved by:	Amount Not Approve
10/16/2002	\$76,000		WorkNet Pinellas on 10/16/2002	
3/3/2003	\$79,799		Pinellas County on 3/3/2003	
6/7/2003	\$90,000		Pinellas County on 6/17/2003	
9/18/2006	\$103,292		No Documentation	\$13,292
9/18/2006	\$110,006		LWDB Chair approved on 9/20/2006	
9/2/2007	\$116,936		No approval signature	\$6,930
7/7/2009	\$120,000		LWDB Chair approved on 9/4/2008	
9/1/2009	\$124,800		No Documentation	\$4,800
10/14/2010	\$129,792		No approval signature	\$9,792
5/22/2011	\$195,624		No Documentation	\$75,624
7/8/2011	\$130,000		Approved by Peachey on 7/8/2011	\$32,188
4/11/2012	\$147,468	\$30,000	LWDB Minutes dated 4/11/2012	
5/31/2012	\$180,000		LWDB Chair approved on 5/31/2012	
3/4/2015	\$174,500	\$34,900	50% to be funded by each LWDB; LWDB Chair approved.	
3/8/2015	\$209,400		No Documentation	\$34,900
12/31/2016	\$291,097		No Documentation	\$116,597
12/31/2017	\$288,864		No Documentation	\$114,364
Total Salary Paid without Approval by LWDB Board Chair: \$408,487				

Total compensation paid to Mr. Peachey in 2016 totaled \$291,097, inclusive of all fringe benefit costs, (i.e., healthcare, short/long term disability, and basic life insurance) and \$288,864 in 2017, also inclusive of all fringe benefit costs.

ETA reviewed the allocation of the CEO Peachey’s salary to determine if the two LWDBs complied with the salary limitation noted in the grant agreement. The reviewers also noted other key management positions that received substantial pay increases in 2016 and 2017, again without any explanation. These instances are displayed in the table below:

	<u>Year:</u>	<u>Salary</u>	<u>Bonus</u>
Director A	2016	\$99,000	\$5,500
	2017	\$120,000	\$6,000
Director B	2016	\$109,630	\$5,750
	2017	\$120,000	\$6,000
	<u>Year:</u>	<u>Pay Raises</u>	<u>Bonus</u>
Director C	2016	\$11,000	\$10,050
	2017	\$8,500	\$8,040
Director D	2016	\$11,000	\$10,050
	2017	\$8,500	\$8,040

The increases in Mr. Peachey’s pay were based on a compensation study completed in 2012. However, the review of this study, prepared by Evergreen Solutions, LLC, reported that both the CSP and CSTB proposed pay plans were:

- a. 3.3 percent above the market average minimum across all titles;
- b. 3.5 percent above market midpoint average across all titles;
- c. 4.1 percent above the market average across all titles; and,
- d. Taken together, the proposed pay ranges on average, fall slightly above market consistently.

Accordingly, it appears that the compensation levels for both the CSP and CSTB were already above the market ranges identified in the study, yet the pay levels for the CEO position still increased in excess of these levels every year from 2011 to 2017.

In addition, while the CEO’s level of pay increased for each LWDB, the time expended by the CEO decreased from 40 hours to 30 hours at each LWDB location resulting in a combined 60-hour workweek for both locations. The justification for combining the administrative functions into one entity with reductions in positions is not justified. It also exceeds the concept of reasonableness regarding time spent on grant activities. Because these positions are the most senior level positions, they are exempt from the Fair Labor Standards Act and hours reported do not apply.

The examiners could not adequately document nor determine whether the LWDB properly approved and processed these salary increases in accordance with each LWDB’s compensation policies, payroll documents, or LWDB minutes. While one LWDB, CSP, acted as the overall employer of record, only the minutes from this Board appear to address the salary discussions and votes regarding the CEO’s pay. Further, examiners could not determine whether the CEO approved these increases since he transferred all employees

who worked at both CSP and CSTB to CSP as the employer of record. The lack of documented evidence that the LWDBs and CLEOs approved and properly authorized all compensation, and the absence of transparency in making such information about these key board actions available to the public through the sunshine provisions contributed to the associated questioned costs.

Criteria: 2 CFR § 200.430, Compensation – personal services, specifies the requirements regarding compensation paid for personal services. § 200.430(a)(1) states that as a requirement that the total compensation for individual employees “Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entities consistently applied [...] (2) Follows an appointment made in accordance with a non-Federal entity’s laws and/or rules or written policies and meets the requirements of Federal statute, where applicable.”

Also applicable, 2 CFR § 200.430(h)(8) sets forth the following:

Salary rates for non-faculty members. Non-faculty full-time professional personnel may also earn “extra service pay” in accordance with the non-Federal entity’s written policy and consistent with paragraph (h)(1)(i) of this section.

(i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities [...];
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity [...]; and
- (vii) Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(vii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim purposes [...].

Additionally, as a function of the board’s responsibilities, 20 CFR § 679.370 (i)(2) requires the board to “Ensure the proper use and management of the funds provided under WIOA”; and “Ensure the appropriate use management of the funds provided under WIOA subtitle B for the youth, adult, and dislocated worker activities and one-stop delivery system in the local area,” and § 679.370 (i)(3) continues “Ensure the appropriate use management, and investment of funds to maximize performance outcomes under WIOA sec. 116.”

Required Action: The CSP and CSTB LWDBs should have ensured that they paid salary increases and cost of living adjustments in accordance with each entity’s personnel policy and procedures. The LWDBs must review their personnel policies and ensure that the administrative entity is abiding by these personnel policies and procedures regarding personal compensation paid to staff.

The CEO’s salary increased seven (7) times between September 2006 and December 2017 without formal approval by the CSP or CSTB. Costs totaling \$408,487, equivalent to the increase in salary not formally approved by the LWDBs, are therefore questioned and subject to disallowance.

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.

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.

The LWDBs must review their personnel policies and ensure that the administrative entity is abiding by these personnel policies and procedures regarding personal compensation paid to staff.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Established itself as the employer of record – **completed September 2018.**
- Had employee handbook reviewed by legal counsel and third-party HR consultant and adopted by CareerSource Tampa Bay – **completed August 2018.**
- Provided the new salary cap for Florida chief elected officials to the board of directors for reference in establishing the salary range for the CEO position – **completed prior to May 2019.**

The following corrective actions are in progress:

- DEO will update the financial monitoring tool;
- A review of personnel policies and procedures to ensure compensation paid to staff are reasonable, necessary for the performance of the award, and are a prudent use of federal funds. A review to determine whether the board is in compliance with the policies and procedures;
- DEO is updating the Grantee-Subgrantee Agreement to include the following language:

“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 CareerSource Pinellas Board approved the Compensation Review that will be completed in June 2019. CareerSource Pinellas is moving toward clear job titles that reflect the functions of the position and compensation. In conjunction with the benefit and stipend outlined in Finding 4.2, CareerSource Pinellas will present a clear and current picture of total compensation;
- CareerSource Pinellas is working with the Compensation Committee to conduct a full compensation/benefits review in the spring of 2019, including a review of the benefits stipend, compensation, benefits and salary ranges. The Compensation Committee is chaired by a Board member appointed by the Board Chair and responsible for:
 - Reviewing and evaluating employee performance review process.
 - Reviewing, evaluating and making recommendations to the Board of Directors relating to the approval of employee pay and compensation plans;
 - Reviewing and evaluating employee benefits programs and making recommendations to the Board of Directors relating to the approval of these programs;
 - Evaluating and approving training policies to ensure that employees meet the necessary requirements under the Workforce Innovation and Opportunity Act.
 - Providing assistance with planning, operational and other issues relating to the provision of fair labor practices in the workplace.

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.

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.

GRANTEE RESPONSE (June 2019): The following corrective actions are in progress:

- DEO fiscal and programmatic monitoring staff will jointly take the following steps:
- Review CEO’s personnel file;
- Review board meeting minutes, including compensation committee, executive committee, and full board meeting minutes;
- Review other documentations and paperwork such as emails from the board chair that approve the raises in question;
- Recalculate questioned costs.
- DEO will include the review of bonuses, pay raises, and benefits in the fiscal monitoring tool to ensure that the costs are reasonable, necessary for the performance of the award, and are prudent use of federal funds. The monitoring tool will also ensure compliance with local policy and that all bonuses, pay raises, and benefits paid to executive staff are approved by the Board.
- DEO is updating the Grantee/Sub grantee Agreement to include the following language:

“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.”

- CareerSource Pinellas plans to address the findings of questioned costs by hiring a consultant or assigning staff to review the CEO's salary increases in order to determine compliance.

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.

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.

GRANTEE RESPONSE (June 2019): The following corrective actions are in progress:

- DEO fiscal and programmatic monitoring staff will jointly take the following steps:
- Review each individual's personnel file for supporting documentation for pay raises and bonuses.
- Identify if any of these staff were involved with falsifying records.
- If the individuals were not involved in falsifying records, determine what a reasonable bonus/pay raise would have been.
- Recalculate questioned costs.
- CareerSource Pinellas plans to address the findings of questioned costs by hiring a consultant or assigning staff to review the bonuses paid to four staff in order to determine compliance.

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.

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

CMG Indicators: 2.h Personnel and 2.i Civil Rights, Complaints, Grievances, & Incident Reporting

CSTB and CSP management enforced unallowable grant activities noted in this report. This included requiring staff to falsify participant records or Social Security numbers through pressure and intimidation. CSTB and CSP leadership created and maintained a hostile work environment and used threats of termination or demotions to drive the achievement of performance goals. Management informed staff that all local area activities had the full support of the State agency. The staff did not have access to Equal Opportunity (EO) representation or grievance procedures. Furthermore, the EO representative identified on the required EO posters had apparent conflicts of interest because of her various job duties and relationship to management. Staff reported that management forced them to work after hours or on weekends with no overtime pay. In addition, management expected staff to meet unrealistic performance goals or face demotion or termination. Employees were required to accept staffing and organizational changes that affected their positions, as well as their commutes to work, without question.

Criteria: According to 20 CFR 683.285(a)(1):

Recipients, as defined in 29 CFR 37.4, must comply with the nondiscrimination and equal opportunity provisions of WIOA sec. 188 and its implementing regulations, codified at 29 CFR part 38. Under that definition, the term recipient includes state and LWDBs, one-stop operators, and sub-recipients, as well as other types of individuals and entities.

Additionally, § 683.285(a)(2) states that “Nondiscrimination and equal opportunity requirements and procedures, including complaint processing and compliance reviews, are governed by the regulations implementing sec.188 of WIOA, codified at 29 CFR part 38, as administered and enforced by the DOL Labor Civil Rights Center.” , .

Further, 20 CFR § 683.600(a), requires that “Each local area, State, outlying area, and direct recipient of funds under title I of WIOA, except for Job Corps, must establish and maintain a procedure for participants and other interested parties to file grievances and complaints [...]”

Additionally, 20 CFR § 683.200(h) requires

All WIOA title I and Wagner-Peyser Act recipients of Federal awards must disclose, as required 2 CFR 200.113, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in 2 CFR 200.338, (Remedies for noncompliance), including suspension or debarment.

The state or local areas have made no disclosures to ETA regarding the known falsification of participant records and data.

Required Action: 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. Additionally, 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. 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.

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.

GRANTEE RESPONSE (June 28, 2019): Grievance procedures are made available to all staff as part of their onboarding process and is included in both CareerSource Tampa Bay’s and CareerSource Pinellas’ policy manuals. Additionally, these procedures are available in both hardcopy and via both LWDB’s intranets. Each LWDB has their own Equal Opportunity (EO) Officer whose other duties do not present a conflict of interest. Their names and contact information are prominently posted in all Career Centers and are made available to all employees. Both LWDBs have received training from DEO’s Office for Civil Rights (OCR) in equal opportunity matters to ensure that they are knowledgeable and able to assist employees and customers as needed. The OCR conducted onsite monitoring for both LWDBs on April 6, 2019. This monitoring was done in accordance with 29 CFR Part 38 which is the implementation of the Nondiscrimination and Equal Opportunity Provisions of the Workforce Innovation and Opportunity Act.

CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Role of EO Officer was moved from Director for Audits, Contracts and Procurements to Director of Public Relations/ Marketing – **completed March 2019.**
- CareerSource Tampa Bay Board appointed a Board member to receive notification of each ethics complaint filed through the EthicsPoint hotline – **completed March 2019.**
- Updated the grievance and complaint procedure form with the new EO Officer’s information – **completed March 2019.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- Appointed a senior-level employee who does not administer any programs and services as the EO Officer – **completed prior to May 2019.**
- Announced the EO Officer and contact information was promulgated via multiple communications channel to include email notices to staff and partners. The “Equal Opportunity is the Law” posters containing the EO Officer’s contact information are

conspicuously posted at all career centers and offices, and on CareerSource Pinellas website for external customers and partners (Attachments 6.1, 6.2, 6.3) – **completed prior to May 2019**.

The following corrective actions are in progress:

- DEO is updating the Grantee-Subgrantee Agreement with the boards to include the following language:

“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.”

DEO will work with CareerSource Tampa Bay and CareerSource Pinellas to ensure that both local areas have updated grievance procedures in place.

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.

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.

GRANTEE RESPONSE (June 28, 2019): DEO outlines general compliance requirements with federal programs in the Grantee-Subgrantee Agreement with each LWDB. Additionally, DEO published several programmatic policies which outline policy requirements on the DEO website, www.floridajobs.org. Each LWDB is monitored annually to ensure compliance with regulatory and financial rules. Whistleblower protections are monitored by the financial monitoring team using their current [2018-19 Financial Monitoring Tool](#) (Attachment 6.4).

DEO’s Office of Civil Rights has directed the EO Officer in each local area to conduct Equal Opportunity training for their employees which will include information on Whistleblower protections.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Launched an anonymous reporting hotline operated by a neutral third-party company,

EthicsPoint, to ensure thorough and fair review of complaints and concerns – **completed June 2018.**

- Communicated the anonymous reporting hotline, EthicsPoint, to staff via email. An EO page was added to the intranet. In addition, an EthicsPoint brochure (Attachment 6.5) is provided as part of the onboarding of new hires – **completed June 2018.**
- Made a link to EthicsPoint accessible via the organization’s intranet. (Attachment 6.6) – **completed June 2018.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- Provided staff associates with easy access to EO-related policies, procedures, and forms to include Whistleblower and grievance on the intranet and the ADP portal at all times – **completed May 2019.**

The following corrective actions are in progress:

- CareerSource Pinellas will work with DEO and the Office of Civil Rights to ensure compliance with federal and state 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.

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.

GRANTEE RESPONSE (June 28, 2019): DEO’s Office of Civil Rights has directed the Equal Opportunity Officer in each local area to conduct equal opportunity training for their employees which will include information on Whistleblower protections.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Assigned a new CareerSource Tampa Bay Board member to receive notification of each ethics complaint filed through the EthicsPoint hotline – **completed March 2019.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- To ensure a transparent process, the Board of Directors and staff were made aware of the requirement of reporting such activities during Board and staff meetings – **completed prior to May 2019.**
- Communication to CareerSource Pinellas staff was provided in weekly newsletters, team meetings and staff town hall meetings – **prior to May 2019.**

The following corrective actions are in progress:

- DEO is updating the Grantee-Subgrantee Agreement with the LWDBs to include the following language:

“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.”

- CareerSource Tampa Bay will provide to the Hillsborough County liaison formal grievances, as needed, per Interlocal Agreement – **effective July 1, 2019.**

DEO will require CareerSource Tampa Bay and CareerSource Pinellas to have a policy and/or process in place to ensure all staff and Board Members 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.

Finding #7: Lack of Firewalls and Internal Control at CSTB and CSP

CMG Indicators: 3.a Internal Controls; 1.A: Planning and Program Design; 1.a.1: Strategic Planning; 1.a.2: Service Design; 1.a.3: Coordination and Integration

Both CSTB and CSP designated a single entity, CareerSource Pinellas, Inc. (CSP, Inc.) to operate multiple WIOA functions without proper firewalls and internal controls. CareerSource Pinellas, Inc. operated as the LWDB, administrative entity/fiscal agent, staff to the board, and direct provider of career and youth services.

The review revealed no agreement existed between the local area LEOs, Governor of Florida (Governor), and CSP, Inc. detailing the specific roles and responsibilities of CSP, which acted as administrative entity and WIOA service provider. The CSP also assumed responsibility for CSTB’s WIOA local area, without any agreement between the CSTB chief elected officials and the Governor, as required by 20 CFR§ 679.410(b).

Reviewers also noted CEO Peachey designated CSP as the fiscal agent without the documented concurrence and written agreement of both chief elected officials and the Governor, as required by 20 CFR § 679.420(a)¹⁰. No written agreement exists that clearly defines the roles and responsibilities of the fiscal agent duties of CSP, nor an agreement designating CSP as the fiscal agent by the Tampa Bay local area chief elected official.

Accordingly, there is no system of checks and balances between the CSP and CSTB staff,

who perform multiple duties for the LWDBs, fiscal agent, and as WIOA Career Services provider for both local areas.

Reviewers also determined a lack of independence and internal control over various key functions of the fiscal agent. These functions included:

- a. Conducting monitoring of service providers and WIOA operations and services;
- b. Preparing financial reports of operations for both CSP and CSTB;
- c. Ensuring sustained accountability for expenditures and funds; and
- d. Reporting performance outcomes at both CSP and CSTB.

The CEO transferred staff from CSTB, their employer of record, to CSP as part of a cost savings and consolidation proposal. As a result, the CSP served as the employer of record for all staff, processed all financial transactions including payroll, and subsequently and billed these costs to the CSTB workforce area based on their approved cost allocation plan.

Criteria: 20 CFR § 679.430 provides guidance related to the requirements that entities performing in multiple functions must adhere to.

Local organizations often function simultaneously in a variety of roles, including local fiscal agent, Local WDB staff, one-stop operator, and direct provider of services. Any organization that has been selected or otherwise designated to perform more than one of these functions must develop a written agreement with the Local WDB and chief elected official to clarify how the organization will carry out its responsibilities while demonstrating compliance with WIOA and corresponding regulations, relevant Office of Management and Budget circulars, and the State's conflict of interest policy.

While the entities, in this case, created a local agreement that lists the different roles and responsibilities, the LEOs and boards failed to implement a system of internal control mechanisms delineating how all three functions would co-exist with an effective governance system and without conflicts of interest. As a result, there were little, if any, checks and balances between the board, the board staff, and the entity serving as a direct service provider.

Required Action: The State, in collaboration with LEOs in CSTB and CSP, 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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- The once combined local area operations are now separate – **effective September 1, 2018.**
- Established a new organizational structure that includes a Chief Executive Officer (CEO), Chief Operating Officer and Chief Financial Officer (CFO). The new CEO started January 21, 2019 (Attachment 7.1).
- CareerSource Pinellas and CareerSource Tampa Bay transitioned from a shared services model to a non-shared services model – **effective September 1, 2018.**
- Reviewed and completed the internal control questionnaire (Attachment 7.2) – **completed January 2019.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- Selected a new CEO at the October 2018 Board meeting.
- The Board of County Commissioners (BOCC) engaged a consultant to conduct a review of the current organizational structure and governance model for CareerSource Pinellas and make recommendations for improvement (Attachment 7.3). The BOCC requested the CareerSource Pinellas Board form an Ad Hoc Committee to review the Interlocal Agreement (Attachment 7.4) – **completed prior to May 2019.**
- Established a new organizational structure that was approved by the Board of Directors on June 5, 2019 (Attachment 7.5) – **completed June 2019.**
- Reviewed and completed the Internal Control Questionnaire and Assessment (ICQ). DEO and the Bureau of Financial Monitoring and Accountability used the ICQ as a self-assessment tool for evaluating internal controls (Attachment 7.6) – **completed prior to May 2019.**
- Reviewed CareerSource Florida policy and the Local Workforce Development Plan 2018-2020 outlining how CareerSource Pinellas carries out multiple responsibilities. This includes how CareerSource Pinellas develops appropriate firewalls to guard against conflicts of interest – **completed prior to May 2019.**
- The CareerSource Pinellas Executive Committee approved Kaiser Group Inc. to be contracted as the new One-Stop Operator (Attachment 7.7) – **completed September 2018.**
- The CareerSource Pinellas Board of Directors approved a new Interlocal Agreement between the LWDB and the Pinellas County CLEO (Attachment 7.8). This agreement established CareerSource Pinellas as fiscal agent, administrative entity and direct service provider. However, the Pinellas County BOCC can withdraw its approval of the LWDB performing those functions at any time. The new Interlocal Agreement also specified that performance and/or compliance audits are to be conducted by an independent firm selected by the full Board of Directors, or by the County's Division of Inspector General. Additionally, as the designated fiscal agent, the LWDB must submit for approval to the county an annual budget for the allocation and expenditure of all funds. CareerSource Pinellas must also report budget modifications to the county on a quarterly basis – **completed February 2019.**

The following corrective actions are in progress:

- DEO will review and evaluate current policies and guidance. DEO will revise applicable policies to ensure that, in conformance with requirements in 20 CFR

679.410-430, appropriate internal controls are in place for multiple functions performed by a single entity. Policy updates and guidance will:

- Define internal controls and require components of internal control structures;
 - Strengthen conflict of interest standards; and
 - Strengthen firewall standards.
- DEO will update the financial monitoring tool to review the WIOA local plan for the following:
 - Separate entities are designated, or procured, to perform the three functions (fiscal agent, staff to the board, and direct service provider).
 - If the board performs more than one of these functions, DEO will verify that the local plan includes proper internal controls and these controls have been implemented.
 - CareerSource Tampa Bay will engage an experienced workforce development consultant to work with Hillsborough CLEO, Board and CareerSource Tampa Bay to review current service delivery methods and structure to identify and help implement industry recognized firewalls and internal controls.
 - The CareerSource Tampa Bay CLEO will retain services of an experienced workforce development consultant to provide a workshop to the Hillsborough CLEO and Board on their requirements, roles and responsibilities, and appropriate systems of firewalls and internal controls.
 - The CareerSource Tampa Bay CLEO is reviewing the Interlocal Agreement to ensure the inclusion of requirements to identify and monitor compliance of proper firewalls and internal controls for performance of multiple functions by a single entity.

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.

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

CMG Indicators: 1.A: Planning and Program Design; 1.a.1: Strategic Planning; 1.a.2: Service Design; 1.a.3: Coordination and Integration

The recruitment, vetting, nomination, and appointment of board members in both local areas are not consistent with WIOA provisions and administrative policy established by the State. CSPI's failure to comply with federal and state provisions created an environment in which staff led the recruitment, vetting, and nomination process for selecting members for the LWDBs in both CSP and CSTB; not by the LEOs or CLEOs. This allowed the CEO of CSP, who was the boards' staff director, to personally select and nominate board members, whom the LEOs then appointed.

The review uncovered that starting in 2009, CEO Peachey recruited and vetted candidates

for both the CSP and CSTB LWDBs, as openings became available. Mr. Peachey sent names of candidate nominees to the respective LWDBs for discussion and selection as board members. As a result, he directed and heavily influenced the placement of members on the LWDBs, determined their committee assignments, and consequently exerted full influence and control over the LWDBs through this process.

Criteria: 20 CFR § 679.320(g) requires that “Chief elected officials must establish a formal nomination and appointment process, consistent with the criteria established by the Governor and State WDB under sec. 107(b)(1) of WIOA for the appointment of members of the Local WDBs[...]. Among other requirements, this process must ensure that the procedures used and documentation of the candidates’ qualifications meet the requirement of WIOA and the regulations. This also includes requirements that LWDBs appoint business representatives from among individuals nominated by local business organizations and business trade associations.

The chief elected official did not meet nor properly document all requirements. In many instances, the staff solicited, recruited, selected, and recommended business representatives not formally nominated by business organizations and business trade associations. This created a board and governing structure where the staff’s wishes drove key decisions about oversight and administrative activities.

Required Action: 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.

GRANTEE RESPONSE (June 28, 2019): DEO requests technical assistance from the USDOL ETA regional team regarding the proposed state-corrective actions proposed for this finding. Additionally, CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Reconstituted the Board using a formal nomination and appointment process that ensured procedures used and documentation of candidate qualifications aligned with requirements of WIOA, the regulations, and state policy. Appointed business representatives were nominated by local business organizations. Board staff were not involved in this process – **completed July 2018.**
- Board member appointments are made at the discretion of the Hillsborough BOCC. Eligible candidates are appointed based on the level of expertise, skillset and representation that may be needed in a particular industry to fulfill the requirements of the Board composition/structure – **completed July 2018.**
- All Board members are required to complete a questionnaire and standards of conduct form provided by Hillsborough County – **completed July 2018.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- Since July 2018, the LWDB replaced approximately 60 percent of its board members. The Pinellas County BOCC or CLEO reviewed and approved these members. CareerSource Pinellas held a Board Orientation for new and current Board Members – **completed July 2018.**
- In an effort to enhance public accountability and transparency, the BOCC specifically asked that the new By-laws include appointment of a CareerSource Pinellas Board member position from the current Pinellas County School Board – **completed June 2019.**
 - o Board recruitment and membership application is now handled through the Pinellas County online portal and by Pinellas County staff. Through various press releases, available online, the county informs the public of vacancies on the CareerSource Pinellas Board of Directors and informs applicants on steps needed to apply (Attachments 8.1, 8.2). Representatives of business must be recommended by a Chamber of Commerce or another business organization. The Pinellas County BOCC appoints all Board members and is also in charge of any reappointments or removals. Pinellas County staff are charged to notify board members of term expiration, and provide re-application channels (Attachment 8.3)

The following corrective actions are in progress:

- DEO will convene the state’s CLEOs as the starting point to address the issues identified in this finding. During the convening, DEO intends to accomplish the following:
 - o Provide an overview of the purpose and functions of the workforce development boards;
 - o Provide detailed information about establishing a WIOA compliant board, including
 - The roles and responsibilities of the:
 - CLEO
 - Board Chair
 - Executive Director
 - Board Staff
 - Recruiting board members and membership compliance;
 - The nomination process; and
 - Establishing the local area’s By-laws.
- DEO anticipates that the convening will be held before December 31, 2019; the official date is to be determined. CLEOs, Board Members, and Board staff will be required to attend an annual training.
- DEO will review and evaluate current policies and guidance and revise applicable policies and/or develop local governance, oversight and administrative policies.
- CareerSource Pinellas’ CLEO is in the process of appointing new Board Members for the upcoming program year 2019-2020.
- The new CareerSource Pinellas By-laws were approved by the Board of Directors on June 5, 2019 and will be presented to the CLEO on July 23, 2019.

DEO will ensure that CareerSource Tampa Bay and CareerSource Pinellas develop and implement clear processes and procedures for recruiting, nominating, and appointing Board Members as well as documenting their qualifications in alignment with the requirements of WIOA.

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.

Finding #9: Chief Elected Officials Improperly Delegated Key Roles and Responsibilities
CMG Indicators: 1.A: Planning and Program Design; 1.a.1: Strategic Planning; 1.a.2: Service Design; 1.a.3: Coordination and Integration

The chief elected officials in Tampa Bay and Pinellas delegated some of the key statutory roles and responsibilities, such as the establishment of by-laws, to the LWDB in violation of WIOA requirements. These actions weakened the chief elected officials' ability to design and authority to implement an effective local governance and oversight system in both local areas.

Criteria: 20 CFR § 679.310(g) delegates the establishment of by-laws to the chief elected official. The chief elected official must establish the by-laws in order to constitute an effective LDWB. The requirement denotes that the chief elected official, not the LWDB, to outline the process and roles for LWDB members, establishing clear roles, responsibilities, procedures, authority, and expectations. The requirement also helps increase the board's functionality and ensures transparency with the public about the board's operations.

In their agreements with the LWDBs, both Tampa Bay and Pinellas chief elected officials delegated this responsibility to the boards; essentially allowing the boards to write their own by-laws. In addition, the LWDBs delegated this responsibility to the CSP Administrative entity, thereby, allowing this entity to create the governing by-laws that would apply to both boards. This and other actions by the chief elected officials contributed to a governing structure that failed to establish proper checks and balances, clear roles and responsibilities, and appropriate internal controls in both local areas.

Required Action: The State must work with both local areas to ensure that chief elected officials, not the boards or staff in CSTB and CSP, 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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- The CLEO is in the process of revising the local area's Board By-laws to ensure proper checks and balances, voting membership guidelines, clearly define roles and responsibilities, and appropriate internal controls. Board staff are not involved in this process. Upon completion, the revised By-laws will be presented to the Hillsborough County CLEO for approval and adoption.
- The CLEO will retain services of an experienced workforce development consultant to provide a workshop to the Hillsborough CLEO on their requirements, roles and responsibilities to ensure they are functioning as the authoritative governing body for the local area.

CareerSource Pinellas has completed the following corrective actions toward compliance:

- The CareerSource Pinellas draft By-laws have been modified to explicitly list the roles/responsibilities of Board Members and sub-committees of the Board. All current Board members have been made aware of those roles/responsibilities and a copy of the By-laws was given to all Board Members (Attachment 9.1) – **completed February 2019.**
- At Pinellas County's request, an Ad Hoc Committee was formed to review the Interlocal Agreement and By-laws for LWDB 14. This Committee was made up of Board Members, including the assigned County Commissioner serving on the LWDB Board of Directors. This Ad Hoc Committee accepted the modifications directed by the CLEO, and those changes were approved by the Board (Attachment 7.8) – **completed February 2019.**

The following corrective actions are in progress:

- DEO will convene the state's CLEOs as the starting point to address the issues identified in this finding. During the convening, DEO intends to accomplish the following:
 - Provide an overview of the purpose and functions of the workforce development boards;
 - Provide detailed information about establishing a WIOA compliant board, including
 - The roles and responsibilities of the:
 - CLEO
 - Board Chair
 - Executive Director
 - Board Staff
 - Recruiting board members and membership compliance;
 - The nomination process; and

- Establishing the local area's By-laws.
- DEO anticipates that the convening will be held before December 31, 2019; the official date is to be determined. CLEOs, Board Members, and Board staff will be required to attend an annual training.
- The new CareerSource Pinellas By-laws were approved by the Board of Directors on June 5, 2019 and will be presented to the CLEO on July 23, 2019.

DEO will ensure that the CLEOs and Board Members are educated about their roles and responsibilities. DEO will revise applicable policies and/or develop local governance, oversight and administrative policies and monitor for compliance.

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.

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

CMG Indicators: 2.g Records Management; Objective 2.I: Complaints, Grievances & Incident Reporting; 2.i.1: Policies and Procedures; 2.i.2: Notices; 2.i.4: Grievance and Complaint System

CareerSource Tampa Bay and CareerSource Pinellas did not comply with the transparency and sunshine provisions of WIOA by failing to make available, through electronic means, the minutes of formal meetings of the boards.

Criteria: The “Sunshine Provision,” WIOA sec. 107(e) requires boards to operate in a transparent manner. When the regulations require local boards to make information about their activities available to the public, on a regular basis and through electronic means and open meetings, the board minutes should be available for public access. The CFR also sets forth parameters for both State (20 CFR § 679.140) and Local (20 CFR § 679.390) WDBs to conduct business in an open and transparent manner. Transparency in operations also assures that all parties are accountable to the public and can mitigate concerns of inappropriate influence. Because this information was not available, the public did not have an opportunity to be informed the boards’ actions.

Required Action: CSTB and CSP must post, and make available electronically to the public, all minutes of formal meetings. The State must also ensure that all local areas are compliant with these provisions.

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

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay completed the following corrective actions toward compliance:

- Updated their website, which now addresses transparency and WIOA Sunshine provisions, and includes Board and committee meeting agendas and minutes – **completed July 2017.**
- Legal counsel provided an overview of Sunshine Laws to Board Members – **completed August 2018.**

CareerSource Pinellas has completed the following corrective actions towards compliance:

- The Board of Directors adopted CareerSource Florida’s Ethics and Transparency policy (Attachment 10.1) – **completed October 2018.**
- Updated their website, which now addresses transparency and WIOA sunshine provisions. The website now includes all updated Board and committee meeting minutes and agendas (Attachments 10.2, 10.3, and 10.4) – **completed February 2018.**
- Publicly notices meetings in advance to allow for the provisions of Sunshine Law.

The following corrective actions are in progress:

- CareerSource Tampa Bay will develop an ethics and transparency policy to be considered for approval at the July 2019 board of directors meeting.

DOL RESPONSE: This finding remains UNRESOLVED. While the State and LWIBs 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.

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

GRANTEE RESPONSE (June 28, 2019): DEO completed several corrective actions prior to the issuance of the compliance review report. The following steps were taken to ensure local areas are compliant with these provisions.

- DEO issued a reminder memorandum to the LWDBs entitled, [Requirement to Post LWDB Meeting Minutes to Website \(Attachment 10.5\)](#) – **completed May 2018.**
- DEO evaluates LWDB compliance regarding posting formal meeting minutes during each local area’s yearly programmatic monitoring review.

The following corrective actions are in progress:

- DEO will update the financial monitoring tool to include a review of compliance with WIOA Transparency and Sunshine Provisions.
- DEO is updating the Grantee-Subgrantee Agreement to include a section on transparency. The agreement will require LWDBs to post meeting minutes on their websites.

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.

Finding #11: CSTB and CSP Lack Evidence of LWDBs Fulfilling Required Functions *CMG Indicators: 1.A: Planning and Program Design; 1.a.1: Strategic Planning; 1.a.2: Service Design; 1.a.3: Coordination and Integration*

CSTB and CSP lack evidence showing the boards are carrying out functions that are required of local workforce boards.

Criteria: As provided in WIOA 107(d), “Functions of Local Board”, in addition to 20 CFR § 679.370, “What are the functions of the Local Workforce Development Board?”, the roles, responsibilities, and functions of the LWDB are clearly stated, as are the purposes for which the boards exist.

In interviews with multiple board members at both CSP and CSTB, all indicated that they had not received any training about their roles, responsibilities, and the boards’ functions. Reviewers also noted, through staff interviews and document reviews, that the boards were not performing all necessary functions, nor did they have plans in place to carry out all

functions. The boards could not substantiate that required board functions were being implemented or how they may be implemented in the future, including activities required at 20 CFR § 679.370(e)(1, 2, and 4); § 679.370(f); § 679.370(g); and § 679.370(h)(3 and 4).

None of the board members interviewed at either CSP or CSTB received an overview of their roles and responsibilities, by-laws, WIOA (law), CFR Title 20 (regulations), or other training to prepare them in fulfilling their roles on the LWDBs.

The reviewers could not verify the two boards were carrying out or had plans to carry out many functions and roles, including those required in 20 CFR § 679.370. The LWDBs must ensure that they are fulfilling the statutory and regulatory roles and functions mandated by WIOA for local boards.

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

GRANTEE RESPONSE (June 28, 2019): As required in 107(d), all LWDBs must develop and submit a four-year local plan, in partnership with the CLEO, and consistent with WIOA section 108. Each local area's plan must include local strategies and assurances of actions LWDBs will take to ensure requirements in 107(d) are met, including, but not limited to:

- Convening local workforce development system stakeholders;
- Leading efforts to engage with a diverse range of employers;
- Developing strategies for using technology to maximize the accessibility and effectiveness of the local workforce development system for employers, and workers and jobseekers;
- Assessing the physical and programmatic accessibility of all one-stop centers in the local area; and
- Certification of one-stop centers.

Upon submission of each LWDBs' plan or modification, DEO reviews the plans in accordance with the requirements outlined in WIOA section 107(d) and Title 20 CFR § 679.370 as well as with requirements outlined in [Administrative Policy 93 – One-Stop Career Center Certification Requirements](#) (Attachment 11.1) – **issued February 2, 2017**.

CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions toward compliance:

- Conducted Board orientation to include an overview of several programs and administrative areas: Wagner-Peyser; WIOA; WT; SNAP E&T; Finance; Program Monitoring; DEO monitoring; Sunshine Law; and committee formation and attendance. Additionally, training regarding the roles and responsibilities for the LWDB and board staff, CLEO, DEO, CareerSource Florida, and Hillsborough County

was completed. Board Orientation also included an in-person special presentation by Ron Painter, President of the National Association of Workforce Boards, who provided additional dialogue on LWDB member roles and responsibilities and shared several workforce development best practices. (Attachment 11.2) – **completed August 2018.**

- Updated the Board Orientation Toolkit for onboarding new members – **completed August 2018.**

CareerSource Pinellas has completed the following corrective actions toward compliance:

- Completed a Board Orientation for all Board Members (Attachment 11.3) This orientation provided an overview of workforce throughout the state of Florida, the role of the DEO and the CareerSource Florida network. Additionally, this orientation provided a comprehensive summary of the LWDB finances, an overview of Board governance, the various sub-committees and the role of the CLEO – **completed July 2018.**
- Updated the Board Orientation Toolkit for onboarding new members – **completed prior to May 2019.**
- Board Counsel provided an overview of the Sunshine Law. Shila Salem, Bureau Chief of One-Stop and Program Support, gave an overview of Board Members' responsibilities and authority – **completed July 2018.**

The following corrective actions are in progress:

- CareerSource Pinellas is working with DEO to verify and ensure that the LWDBs are fulfilling their responsibilities under WIOA sec. 107(d) and Title 20 CFR § 679.370.
- CareerSource Tampa Bay and the CLEO will be retaining services of an experienced workforce development consultant to provide a workshop to Board members to ensure they are aware of and fulfilling their responsibilities under WIOA sec. 107(d) and Title 20 CFR § 679.370. This training will be conducted annually with periodic updates as needed, and imbedded in the local area's training for new Board members going forward.

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 fulfil the roles and responsibilities outlined for boards, which is what the finding was about.

Finding #12: One-Stop Competitive Procurement Not Compliant

CMG Indicator: 2.d Procurement and Contract Administration

The one-stop operator competitive procurement conducted by CSTB, CSP, and CareerSource Pasco Hernando (CSPH) did not comply with the requirements of WIOA Sec 121(d), Title 20 CFR § 678.605, or ETA's Training and Employment Guidance Letter

(TEGL) No. 15-16. The review disclosed that CSP issued a Request for Proposal (RFP) containing approximately \$15,000 in funding to procure a One-Stop Operator (OSO) for three locations; CSTB, CSP, and CSPH. The response to the RFP consisted of only one proposal from a current eligible training provider. The board then selected that provider as the OSO for all three local areas.

The review team determined that the RFP did not contain sufficient funding to receive an adequate number of responses to meet the competition requirements under WIOA and the Uniform Guidance. The combined LWDBs have a budget of approximately \$25 million in available funds and operate in a geographic area that has a population of approximately 2.3 million (11.3 percent of the State's population). Accordingly, budgeting for only \$15,000 to operate in multiple locations is exceptionally insufficient and does not meet the requirements of a competitive selection. The RFP was not widely distributed in a manner that would attract a sufficient pool of potential bidders/respondents. CSP's procurement process and the manner in which it conducted the competition did not comply with the requirements of a full and fair competitive procurement.

ETA issued guidance in the form of Frequently Asked Questions and TEGs concerning OSO competitive procurement proposals. That guidance indicated that an RFP or invitation for bid "with no funding or nominal funding will restrict competition" and "would violate the prohibition on non-competitive pricing practices under 29 CFR 97.36(c)(1)(iii) and 2 CFR § 200.319(a), which states "All procurement transactions must be conducted in a manner providing full an open competition."

Criteria: WIOA sec. 121(d)(2)(A) requires that an entity "shall be designated or certified as a one-stop operator through a competitive process." The WIOA Joint Final Rules and TEG 15-16 also require that LWDBs must use a competitive process based on principles of competitive procurement in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200), including the Department of Labor specific requirements (2 CFR part 2900).

Required Action: The LWDBs must conduct a competitive procurement as required by WIOA Section 121, 20 CFR§ 678.605, and 2 CFR § 200.319. Furthermore, the State must ensure that the LWDBs comply with the competitive procurement requirements in selecting the OSO.

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

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions towards compliance:

- Reissued the One-Stop Operator RFP:

- Increased the value of the contract to meet the deliverables and intent of the One-Stop Operator; and
- Expanded the scope of contracted services deliverables including establishing a Memorandum of Understanding database - **completed June 2019.**
- Secured Kaiser Group d/b/a Dynamic Workforce Solutions as the One-Stop Operator (Attachment 12.1).

CareerSource Pinellas has completed the following corrective actions towards compliance:

- Reissued the One-Stop Operator RFP:
 - Reissued RFP 18-0428 for One-Stop Operator services – **completed June 2018.**
 - Board approved recommendation to contract with Kaiser Group, Inc. d/b/a Dynamic Workforce Solutions as the One-Stop Operator – **completed July 2018.**
 - Secured Kaiser Group, Inc. d/b/a Dynamic Workforce Solutions as the One-Stop Operator. Deliverables to include customer service training and bi-annual programmatic monitoring using DEO’s monitoring tool (Attachment 12.2) – **completed November 2018.**

The following corrective actions are in progress:

- DEO will update the financial monitoring tool to include a review of the procurements of all One-Stop Operators. This will ensure that random sampling does not exclude One-Stop Operator Procurements. Compliance with the Uniform Guidance procurement requirements is currently included in the Financial Monitoring Tool.

DOL RESPONSE: This finding remains UNRESOLVED. The State must review and verify that the LWIBs 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.

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

GRANTEE RESPONSE (June 28, 2019): DEO completed several corrective actions prior to the issuance of the compliance review report. The following information was issued to the local areas regarding One-Stop Operator procurements:

- [Memorandum: Workforce Innovation and Opportunity Act \(WIOA\) and One-Stop Operator Provisions](#) – **issued June 9, 2015.**
- [Memorandum: Workforce Innovation and Opportunity Act One-Stop Career Center Operators Procurement Questions and Answers](#) – **issued August 31, 2016.**
- [Administrative Policy 97 – One-Stop Operator Procurement](#) (Attachment 12.3) – **issued September 25, 2017.**

The following corrective actions are in progress:

- DEO will work with CareerSource Tampa Bay, CareerSource Pinellas and CareerSource Pasco Hernando to ensure that One-Stop Operator competitive procurements comply with WIOA Section 121, 20 CFR§ 678.605, and 2 CFR § 200.319.
- DEO is including language in the updated Grantee-Subgrantee Agreement that reinforces the requirement to comply with 2 CFR 200.318-326. Compliance with the Uniform Guidance procurement requirements is currently included in the Financial Monitoring Tool.

DOL RESPONSE: This finding remains UNRESOLVED. The State must review and verify that the LWIBs 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.

Finding #13: Conflict of Interest Policies Not Compliant

CMG Indicators: 1.A: Planning and Program Design; 1.a.1: Strategic Planning; 1.a.2: Service Design; 1.a.3: Coordination and Integration

The conflict of interest policies developed by CSTB and CSP are not compliant with the WIOA regulations and Uniform Guidance requirements. The review of both LWDA's policies revealed that they do not require board members to exclude themselves from participating in decision-making discussions for services and activities that could financially benefit them or their organizations. The State also informed ETA reviewers that State policy requires LWDBs to disclose all funds paid to entities, including an LWDB-affiliated member. ETA reviewers also learned that several board members sit on committees that make decisions from which they could benefit. As a result, board members that represent organizations that received substantial grant funds could be participating in discussions about the awarding of such funds, thereby creating potential conflicts of interest. However, the review team could not document if board members with these known conflicts had participated in the discussions, which involve the awarding of funds.

Criteria: 20 CFR § 683.200(c)(5) imposes specific conflict of interest requirements on WIOA recipients, in addition to those applicable under the uniform administrative requirements. Further, the requirements at 2 CFR § 200.318, address codes of conduct and conflict of interest, as well as 20 CFR § 683.200(c)(5)(i).

A State WDB member, Local WDB member, or WDB standing committee member must neither cast a vote on, nor participate in any decision-making capacity, on the provision of services by such member (or any organization which that member directly represents), nor on any matter which would provide any direct financial benefit to that member or that member's immediate family. The State's sunshine policy is also consistent with WIOA requirements in prohibiting members from participating in the decision-making capacity that could potentially benefit them.

Both local areas' board policies, however, did not require members to remove themselves from any discussions involving their organization or funding prior to any voting. The policy

only requires LWDB members to remove themselves from voting on known conflicts of interest.

Required Action: 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. The State should take additional steps to make sure CSTB and CSP revise their conflict of interest policies and should conduct follow-up monitoring.

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.

GRANTEE RESPONSE: CareerSource Pinellas completed corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Pinellas has completed the following corrective actions towards compliance:

- Reviewed CareerSource Florida Policy and the Local Workforce Development Plan 2018-2020 outlining how CareerSource Pinellas carries out multiple responsibilities. This includes how CareerSource Pinellas develops appropriate firewalls to guard against conflicts of interest – **completed July 2017.**
- CareerSource Florida amended its Board Contracting Conflict of Interest Policy and applicable forms in May 2017. CareerSource Pinellas has been using the updated forms since July 2017, for the submission of its Board Members related party contracts (Attachments 13.1, 13.2, 13.3, 13.4) – **completed July 2017.**

The following corrective actions are in progress:

- DEO is currently revising the policy related to contracts made between the LWDB and Board Members or an entity for which that Board Member represents. The new policy requires the Board to send DEO a contract information form, conflict of interest statement signed by Board Member for which the conflict of interest exists, voting record, a draft of the entire agreement, documentation supporting the method of procurement (if applicable), and Board meeting minutes. The revised policy will also include a requirement that the Board Member for which the conflict exists, must abstain from voting and be required to leave the room during discussion and vote on the contract. This policy will be included within the updated Grantee- Subgrantee Agreement.
- CareerSource Tampa Bay's conflict of interest policy will be updated to include: "Board Members with a conflict of interest will be prohibited from participating in the decision-making process. This will require the Board Member to be excused from the board/committee meeting during any discussions involving their organization or funding prior to any voting".

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.

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.

GRANTEE RESPONSE (June 28, 2019): The following corrective actions are in progress:

- DEO is currently revising the policy related to contracts made between the Board and Board Members or an entity which that Board Member represents. The new policy will require LWDBs to send DEO the following information:
 - Contract information form;
 - Conflict of interest statement signed by board member for which the conflict exists;
 - Voting record;
 - A draft of the entire agreement (new requirement);
 - Documentation supporting the method of procurement (if applicable), (new requirement); and
 - Board meeting minutes (new requirement).

The revised policy will also include a requirement that the Board Member for which the conflict exists, must not only abstain from voting, but will be required to leave the room during the discussion and vote on the contract. The policy will be included within the updated Grantee-Subgrantee Agreement.

- DEO/CSF requires a conflict of interest to be declared and if the contract is more than \$25,000, it must be approved by DEO/CareerSource Florida prior to execution. DEO's financial monitoring team will review all related party contracts to ensure that the boards comply with this policy prior to execution. This new monitoring procedure will become effective upon the issuance of the updated Grantee-Subgrantee Agreement.

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.

Finding #14: CSTB and CSP LWDB Compositions Not Compliant

CMG Indicators: Objective 1.A: Planning and Program Design; 1.a.1: Strategic Planning;

1.a.2: Service Design; 1.a.3: Coordination and Integration

The CSTB and CSP board compositions did not meet the majority business requirements of WIOA. The review uncovered that both the CSTB and CSP LWDBs did not have the required business representation on their respective boards as required by WIOA.

Both boards' membership comprised fewer than 51 percent of business representatives. Additionally, several private sector slots, nearly 26 percent in CSTB remained vacant and appeared to have been unfilled for substantial periods. In CSP, nearly 40 percent of private sector slots were vacant and appeared to have remained unfilled for a substantial period. The absence and lack of participation of a large segment of board members, particularly the private sector, questions whether or not there was meaningful input from business and industry related to key workforce decisions, as well as proper oversight of the areas' workforce system.

Criteria: WIOA sec. 107(b)(1) and 20 CFR §679.320 describe the LWDB membership requirements as enumerated in WIOA. WIOA sec. 107(b)(2)(A) requires "a majority of the members of each local board shall be representatives of business in the local area".

Required Action: 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. 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.

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.

GRANTEE RESPONSE: Prior to the issuance of the compliance review report, all LWDBs were required to submit local Board Member rosters to DEO by April 15, 2019. Both CareerSource Tampa Bay and CareerSource Pinellas submitted their updated LWDB rosters. Upon DEO's review of the roster, CareerSource Tampa Bay's board met the business majority requirement at 51.6 percent and CareerSource Pinellas met the business majority requirement at 53.1 percent.

DEO's review of all the LWDB rosters and compositions included the following compliance elements:

- Business represented a majority of the board;
- At least 20% of the Board Members represented workforce; and
- The Board met the minimum representation requirements (education, vocational rehabilitation and other partners).

DEO will continue to review LWDB compliance with this requirement. DEO is also updating the Grantee-Subgrantee Agreement with the LWDBs to reinforce local board compliance with this 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.

GRANTEE RESPONSE: DEO requests technical assistance from the USDOL ETA regional team regarding the proposed state-corrective actions proposed for this finding. Additionally, CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay completed the following corrective actions towards compliance:

- The Board of Directors was reconstituted by the Hillsborough County CLEO which complies with majority business and other composition requirements (Attachment 14.1).
- Local elected officials continuously monitor Board composition and work diligently to fill vacancies as quickly as possible to ensure full and adequate participation of both public and private sectors in the local workforce system.
- Board Member appointments are made at the discretion of the Hillsborough County Commissioners.
- Eligible candidates are appointed based on level of expertise, skillset and representation that may be needed in a particular industry to fulfill the requirements of the Board composition structure.

CareerSource Pinellas completed the following corrective actions towards compliance:

- Formed an Ad Hoc Committee to review the Interlocal Agreement and the LWDB By-laws – **completed February 2019.**
- The Board composition of CareerSource Pinellas is approved by the Governor for up to 45 seats (Amendment 14.2).
- The CLEO determined that CareerSource Pinellas can maintain compliance with fewer board members by maintaining the percentage balance of 50% business representatives and 20% Labor/Apprenticeship. The Board of Directors, in agreement with the CLEO, have agreed to reduce the size of the board to around 31 members (Attachment 9.1).
- Received confirmation from DEO that the LWDB was in compliance with LWDB composition requirements (Attachments 14.3, 14.4).

The following corrective actions are in progress:

- DEO will convene the state's CLEOs as the starting point to address the issues identified in this finding. During the convening, DEO intends to accomplish the following:
 - Provide an overview of the purpose and functions of the workforce development boards;
 - Provide detailed information about establishing a WIOA compliant board, including
 - The roles and responsibilities of the:
 - CLEO
 - Board Chair
 - Executive Director

- Board Staff
 - Recruiting board members and membership compliance;
 - The nomination process; and
 - Establishing the local area’s By-laws.

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.

Finding #15: Non-Compliant with Stevens Amendment

CMG Indicators: Internal Controls; 2.d Procurement and Contract Administration; 2a.1: Specific Award Conditions

CSTB and CSP did not fulfill the requirement to provide certain information in public communications for non-Federal entities receiving public funds. Reviewers found that the RFP for the OSO competitive procurement for CSTB, CSP, and CSPH did not contain required language regarding the Stevens Amendment.

Criteria: Provisions of P.L. 115-31, Division H, Title V, Section 505, requires that:

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, all grantees receiving Federal funds [...] shall clearly state—

- (1) The percentage of the total costs of the program or project that will be financed with Federal money;
- (2) The dollar amount of Federal funds for the project or program; and
- (3) Percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

Required Action: The State must work with all local areas to incorporate the Stevens Amendment provisions into their policies, processes, and monitoring procedures. The State must also monitor all local areas to ensure the implementation of the 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.

GRANTEE RESPONSE (June 28, 2019): The following corrective actions are in progress:

- DEO is amending the Grantee-Subgrantee Agreement to include the requirement to incorporate the Stevens Amendment within all statements, press releases, procurements, and contracts.
- DEO will work with all LWDB Executive Directors and Chief Financial Officers or Finance Directors to make them aware of this provision. All LWDBs will be required to incorporate the Stevens Amendment provisions into their policies, processes, and monitoring procedures. The DEO financial monitoring tool will be updated to include this requirement.

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.

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

GRANTEE RESPONSE: The following corrective action is in progress:

- The DEO financial monitoring tool will be updated to include compliance with the Stevens Amendment. When the DEO financial monitoring team selects an expenditure for testing during fiscal year 2019-2020 and subsequent years, the staff will also request and test the procurement documents, press releases, contract, and any other statement to ensure compliance with this provision.

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.

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

CMG Indicators: 2.f Sub-recipient Management & Oversight; 1.A: Planning and Program Design; 1.a.1: Strategic Planning; 1.a.3: Coordination and Integration

The State did not conduct adequate and effective oversight of both local areas to ensure multiple issues in governance and other areas of program administration were compliant with WIOA requirements. The examination of governance structures revealed that the frequency and depth of monitoring activities by the State were not sufficient to identify issues in governance and other areas of local operations and program administration.

It was determined that the State had not provided adequate policy guidance and training on the WIOA regulations regarding key provisions including governance requirements, internal controls, separation of duties, and adequate mechanisms to ensure the proper delineation of authority based on those duties. This also includes functions performed by the various entities operating within each local workforce area.

The lack of guidance and training from the State created a situation that caused confusion,

related to roles, responsibilities, and requirements, at the local level. The State did not implement some key provisions of WIOA in its oversight of workforce development systems at the local level. While it is appropriate for the State to allow local flexibilities, it does not appear that the State provided adequate policy guidance, training, and technical assistance to ensure that the implementation of the workforce development system was compliant with WIOA.

Criteria: 20 CFR § 679.130 and WIOA 101(d) outline the functions of the State Workforce Development Board (SWDB). Among SWDB functions is the development of effective LWDBs, as well as the “review of statewide policies and programs and making recommendations on actions that must be taken by the state to align workforce development programs to support a comprehensive and streamlined workforce development system”.

Required Action: 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. As appropriate, the State should develop guidance and policies related to local governance, oversight, and proper administration at the local level. The State should provide training and appropriate technical assistance to help local boards.

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.

GRANTEE RESPONSE (June 28, 2019): DEO completed several corrective actions prior to the issuance of the compliance review report. DEO enhanced its process for programmatic monitoring of the LWDBs for Program Year 2018-2019 with the following actions:

- Increased the number of on-site programmatic monitoring reviews from five in 2017-2018 to 12 in 2018-2019 (Attachment 16.1).
- Revised the program monitoring participant file sampling methodology going to a random, stratified, and targeted approach to ensure every population served by the LWDB is represented in the sample (Attachment 16.2.).
- The programmatic monitoring team partnered with the data analysis team to conduct a data anomaly review prior to each monitoring visit. If areas were identified as needing further review, they were included in the monitoring sample. This process has been incorporated for all future monitoring visits.
- Revised its programmatic monitoring processes based on lessons learned and further strengthened both the Wagner Peyser and OJT Training monitoring questions (Attachment 16.3). The questions on the programmatic monitoring tools ensure that essential core functions are in place at the LWDB level within the boundaries established by law, regulation and state guidance. They also ensure that participant files being examined meet all necessary requirements for eligibility and training. Development of the PY 2019-2020 tools in September 2019 will allow an even greater focus on the most important aspects of the WIOA workforce programs’ operations, services and activities. The tools will further clarify and/or better align questions with higher risk issues associated with WIOA law, state guidance or other cite reference changes made during the prior year. Other internal control steps for corrective action

will be coordinated with DEO's financial monitoring staff and CareerSource Florida to develop and implement additional internal controls and increased monitoring of the boards' structure and responsibilities. To further improve on internal processes and strengthen state oversight, DEO will explore technology options that may be used to enhance tracking and monitoring governance compliance.

- DEO is updating the Grantee-Subgrantee Agreement with the LWDBs to address compliance with provisions of WIOA, governance structures, internal controls, and separation of duties.

DEO's financial monitoring tool will be updated to address compliance with the provisions of WIOA, 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.

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

GRANTEE RESPONSE (June 28, 2019): The following corrective action is in progress:

- DEO will review and evaluate current policies and guidance and revise applicable policies and/or develop local governance, oversight and administrative policies.

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.

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

GRANTEE RESPONSE (June 28, 2019): DEO completed several corrective actions prior to the issuance of the compliance review report:

- Provided intensive, on-site programmatic training and technical assistance on WIOA, Wagner-Peyser and the correct use of the Employ Florida system for the staff at CareerSource Tampa Bay and CareerSource Pinellas to ensure compliance with state and federal requirements – **completed February 2019.**
- Partnered with CareerSource Florida and Maher and Maher to implement a comprehensive WIOA program performance metrics training series (Attachment 1.9). The training series offered LWDBs a closer look at WIOA's Primary Indicators of Performance, ways to measure and improve performance for Business Services and suggestions for aligning strategies to performance. The trainings were conducted through a blended approach using webinars, in-person meetings and other learning tools.
- Implemented a statewide training schedule to provide on-going training and technical

assistance to the LWDBs. Trainings were held for all programs that are administered by the LWDBs including Wagner Peyser, WIOA, WT and SNAP E&T. This annual training schedule will ensure all LWDBs have an opportunity to attend training yearly and that services provided to job seekers follow federal and state guidelines – **implemented January 2019.**

- Completed a WIOA statewide training series during the months of March and April 2019. DEO held two, in-person training sessions with each session lasting two days. Multiple topics were covered during the training sessions.

Day 1 Training Topic	Training Elements
WIOA Youth Program Overview	<ul style="list-style-type: none"> • History • Populations (OSY and ISY) • Eligibility • Barriers • Supportive/Follow-up Services • Low Income
WIOA Youth Program Design	<ul style="list-style-type: none"> • Objective Assessment • Individual Service Strategy • 14 Program Elements
WIOA Adult and Dislocated Worker Eligibility	<ul style="list-style-type: none"> • Eligibility Criteria • Source Documentation
WIO Adult and Dislocated Worker Program Design	<ul style="list-style-type: none"> • Basic Career and Individualized Services • Training Services
Documenting in Employ Florida/Walk through	<ul style="list-style-type: none"> • Pre/Post-tests • Measurable Skill Gain • Credential Attainment • Other

Day 2 Training Topic	Training Elements
WIOA Adult and Dislocated Worker Program Design	<ul style="list-style-type: none"> • Support Services • Follow-up Services Pre-and Post-Exit • Co-enrollment • Exit Requirements • ETPL • TOL
Measurable Skill Gains	<ul style="list-style-type: none"> • Who is in the measure and when • Types of Skill Gains • How to record Skills Gains in Employ Florida

Service Code Review	<ul style="list-style-type: none"> • Review of the most frequently used Service Codes
Work-Based Training	<ul style="list-style-type: none"> • Identifying the types of work-based training • Service codes associated with each type of work-based training • Recording of worksite, provider and O*Net code information
On-the-Job Training	<ul style="list-style-type: none"> • Eligibility • Defining on-the-job training • Employed workers • OJT Training Plan • OJT Contract Requirements • Payments to workers • Reverse Referral • OJT, Registered Apprenticeships and Pre-Apprenticeships
Workforce Statistics and Economic Research	<ul style="list-style-type: none"> • Overview

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.

Finding #17: Lack of Internal Controls over Supportive Services & Prepaid Credit Cards
CMG Indicator: 3.a Internal Controls and 3.f Allowable Costs and Cost Classification

The review found that CSP and CSTB must improve the internal controls with regard to pre-loaded credit cards used to pay supportive services to participants in order to safeguard these funds from fraud and abuse.

Criteria: 2 CFR § 200.302(b)(4) states have a responsibility to ensure, “Effective control over, and accountability for all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.”

During the review, staff told examiners that the CSP and CSTB used pre-loaded credit cards to provide supportive services to enrolled participants. The cards are only available in set denominations: \$25, \$50, \$75, and \$100.

Due to the pre-determined amounts on the cards, participants could receive reimbursement

according to their needs or, in some cases, receive reimbursement that exceeded their needs. CSP and CSTB should have issued supportive service payments in the actual amount of documented need. In addition, because the CSP and CSTB used pre-paid credit cards, there was no confirmation that participants used the funds to cover allowable and approvable costs, per the regulations. Furthermore, there were no restrictions placed on credit card use.

Reviewers also learned that both the CSP and CSTB incurred monetary losses on some of the cards due to staff embezzlement of funds from the cards.

While both CSP and CSTB indicated that they had taken steps to improve internal controls, security, and safeguards over credit card inventories and balances, the local areas need to assess whether they made overpayments and whether participants misused program funds.

Required Action: Both the CSP and CSTB must develop supportive services systems that provides funds to participants in the actual amount of need. The local areas should document that the participants' expenditures are approved and allowable. Further, they should establish additional controls to safeguard both the number of cards issued and the funds available on the cards. 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. The LWDBs must also establish adequate internal controls to safeguard these funds.

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.

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective action towards compliance:

- Researched alternatives to bank visa cards for supportive service items provided to eligible participants, including gas cards, bus passes, direct billing with select vendors, online ordering and reloadable debit cards – **completed October 2018.**

CareerSource Pinellas has completed the following corrective actions towards compliance:

- Stopped issuing visa cards to customer for supportive services other than transportation – **completed prior to May 2019.**
- Adopted a “pay the vendor” approach by using the local MICROIX system to process support service requests via voucher or check. By using a voucher or check, the exact dollar amount could be issued and both methods are payable directly to the vendor – **completed prior to May 2019.**

The following corrective action is in progress:

- DEO monitoring tool will be updated to include the following:
 - Review to determine if there is adequate documentation to support the eligibility for the receipt of supportive services including, but not limited to gas/VISA cards.
 - Evaluation of whether the value of the supportive service provided is consistent

with the documented need of the participant.

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.

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

GRANTEE RESPONSE (June 28, 2019): CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay completed the following corrective actions towards compliance:

- Reviewed and revised the supportive service policy (Attachment 3.1) – **completed August 2018.**
- The policy was approved by the CareerSource Tampa Bay Board of Directors – **completed March 2019.**

CareerSource Pinellas completed the following corrective actions towards compliance:

- Adopted a two-tier approval process for all issuance for support services - **completed prior to May 2019.**
- Supportive Service desk guides were updated to ensure all allowable services are clearly outlined (Attachments 3.4 and 3.5) – **completed prior to May 2019.**

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.

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

GRANTEE RESPONSE (June 28, 2019): DEO, CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved. DEO began monitoring compliance with internal controls related to the storage, reconciliation, and access to gas cards/gift cards during the fiscal monitoring year 2018-19.

CareerSource Tampa Bay has completed the following corrective actions towards compliance:

- Revised the supportive service policies and procedures to ensure appropriate and sufficient internal controls are in place regarding eligibility, issuance, storage, and reconciliation of supportive service throughout the area – **completed March 2019.**
- Ceased the mail-out process of supportive service cards – **completed June 2018.**
- Developed staff procedure desk guide of the supportive service policy – **completed March 2019.**

CareerSource Pinellas has completed the following corrective actions towards compliance:

- Revised all supportive service policies and procedures to ensure appropriate and sufficient internal controls are in place regarding eligibility, issuance, storage and reconciliation of supportive service cards throughout the region – **completed prior to May 2019.**
- Modified its bank Visa distribution process and implemented additional internal controls to maintain the cards – **complete prior to May 2019.**
- Created desk guides to outline the internal monitor’s responsibility for completing center on-site reviews of issuance of support services, storage of supportive services as well as completing a check of card balance on a random sample of supportive service cards – **completed prior to May 2019.**
- Ceased the mail-out process for all supportive services cards for all programs – **completed prior to May 2019.**

The following corrective actions are in progress:

- DEO programmatic monitors will begin monitoring internal controls regarding participant eligibility and issuance during fiscal year 2019-2020.
- The financial and programmatic monitoring teams will work together to ensure that supportive services were provided based on need, were reasonable and necessary, and participants receiving these services were eligible.
- DEO is updating the Grantee-Subgrantee Agreement to include the following certification by the LWDBs:

“The Board hereby certifies to DEO that written administrative procedures, processes, and fiscal controls are in place for the payment of supportive services including, but not limited to prepaid gas and/or VISA cards. Controls must

address issuance, storage, and reconciliation of prepaid gas/VISA cards. The Board 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(s) of the participant(s).”

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.

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.

GRANTEE RESPONSE: The following corrective action is in progress:

- The DEO financial monitoring team will conduct a full review of the prepaid gas/VISA card balances to determine the actual amount of cash on hand. DEO financial monitoring team will review each board’s policies and procedures to ensure the board is performing a reconciliation of the prepaid gas/VISA card balances.

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.

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

GRANTEE RESPONSE: CareerSource Tampa Bay and CareerSource Pinellas completed several corrective actions prior to the issuance of the compliance review report. Both areas will continue to work towards steps to fully comply with report findings until they are satisfactorily resolved.

CareerSource Tampa Bay has completed the following corrective actions towards compliance:

- Imposed stricter requirements on monitoring procedures – **completed prior to May 2019.**
- Revised the supportive service monitoring procedures – **completed March 2018.**
 - In addition to scheduled bi-monthly inventory counts, the local area added unannounced periodic reviews of supportive service cards. The local area also continues its regular, on-going monitoring of supportive service cards, which includes:
 - Verifying of on-hand inventory;
 - Performing a physical count of the inventory and verifying card amounts back to the card tracker (system that tracks support service cards);
 - Performing a reverse check to ensure cards listed on the card tracker are

- physically located in the safe;
- Confirming cards have not been used prior to issuance by selecting a sample of cards and verifying the full balance of the card is intact; and
- Monitoring the quantity on-hand to avoid surplus of on-hand inventory.

CareerSource Pinellas has completed the following corrective actions towards compliance:

- Imposed stricter requirements on monitoring procedures. In addition to scheduled bi-monthly inventory counts, the local area added unannounced periodic reviews of supportive service cards. The local area also continues its regular, on-going monitoring of supportive service cards and sufficient internal controls are in place regarding eligibility, issuance, storage and reconciliation of supportive service throughout the LWDB – **completed prior to May 2019.**

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.