



August 8, 2011

Barbara J Street, President/CEO
Alliance for Strategic Growth Inc
122 E Main St
P O Box 1856
Muncie IN 47308-1856
bstreet@asgcorp.org

RE: Region 6 Resolved Monitoring Report

Dear Ms. Street:

We have reviewed the Region 6 responses to the findings identified in the monitoring report. The grantee responses were reviewed with respect to the findings. It appears the findings have been satisfactorily addressed.

We appreciate the efforts your agency has put forth to resolve the issues cited in the monitoring report. A review of these findings and your resolution will be completed during the next monitoring visit.

Please note that the decision to accept the proposed corrective actions is subject to review by the U.S. Department of Labor. Should you have any questions or need additional information, please feel free to contact me at 317-234-4103 or rlindsey@dwd.in.gov.

Sincerely,

Richard Lindsey
Oversight Resolution

RL/msf

Attachment

cc: Jim Riggle
Milo Miller Jr.
Resolution File



Region 6

Alliance for Strategic Growth Inc

Monitoring Report

**Monitoring Conducted by the DWD
Oversight Division
December 2010**

Region 6
Indiana's Workforce Development and its WorkOne Centers

Table of Contents

	Page
Executive Summary	3
Background	5
Monitoring Scope and Methodology	5
Monitoring Reports and Resolution	7
Regional Background and Monitoring Detail	8
 <u>Programmatic and Fiscal Review</u>	
Part I Design & Governance	9
Part II Program & Grant Management Systems	9
Part III Financial Management Systems	9
Part IV Service Delivery	11
Part V Performance Accountability	11
 <u>Best Practices/Promising Practices</u>	
Part VI Best Practices	12
 <u>Observations</u>	
Part VII Observations	14
 <u>Exhibit A – Program Participant Sample Selections</u>	
WIA – Youth	21
WIA – Adult	21
WIA – Dislocated Worker & Trade Adjustment Act (TAA)	22

Executive Summary

Summary of Findings and Observations

This report contains three compliance findings and eleven observations. One cost appears to be in question as a result of this report.

	Category	Description
Findings	Design and Governance	No findings were identified
	Program and Grant Management Systems	No findings were identified
	Financial Management Systems	<ol style="list-style-type: none"> 1. Undocumented Conflict of Interest Checks 2. Potentially Questioned Costs Due to Incorrect Compensation Allocation 3. Exclusion of CFDA Number from Contract
	Service Delivery	No findings were identified
	Performance Accountability	No findings were identified
Observations	Design and Governance	<ol style="list-style-type: none"> 1. Conflict of Interest Forms Not Initialed
	Program and Grant Management Systems	<ol style="list-style-type: none"> 2. Not Documenting Annual Review for Combined Salary and Bonus Limitation 3. Unclear or Lacking Contract Language Relative to Disallowed Costs
	Financial Management Systems	<ol style="list-style-type: none"> 4. Inadequate Timesheet Dating 5. Lack of Review Over Cancelled Checks 6. Draw Downs Not Allocable to Grant Year 7. Undocumented Debarred and Suspension Checks

		8. Missing CFDA and Funding Amount in Contract 9. Lack of Permanent Cash Option Policy
	Service Delivery	10. DWD Policy Reference
	Performance Accountability	No observations were identified

Background

The Workforce Investment Act of 1998 (WIA) was signed into law in August 1998 and was implemented in the State of Indiana for Adults and Dislocated Workers on July 1, 1999 and for Youth on April 1, 2000. WIA replaced the Job Training Partnership Act and was intended to streamline workforce services, empower individuals and provide universal access to core employment-related services. WIA dollars fund a comprehensive range of workforce development activities and services for job seekers, laid off workers, youth, veterans and those who may need upgraded skills to retain a job or obtain a better one. Services such as resume development, labor market information, job search assistance, and occupational training are provided by WorkOne offices located across the state.

Indiana is divided into twelve Workforce Regions. Eleven of the Regions fall under the governance of the Balance of State Workforce Investment Board (BOS WIB) for ninety-one counties. The BOS WIB is assisted in its duties by eleven Regional Workforce Boards. The Indianapolis Private Industry Council (IPIC) operates the Marion County service area, which is the twelfth Region. Services in the WorkOne offices are managed by contracted Regional Operators, who supervise and coordinate the day to day activities of WIA service provider staff and Department of Workforce Development (DWD) employees.

The DWD Oversight Division conducts annual onsite monitoring of all Regions, as required by the Workforce Investment Act.

Monitoring Scope and Methodology

Fiscal And Administrative monitoring includes:

- Testing for legally mandated composition of Board membership; review of Economic Interest Statements for completeness and any potential conflicts of interest; review of Articles of Incorporation to verify that the boards operate under their authorized names; review of Bylaws to verify that the boards and their committees operate legally under their rules as stated in those Bylaws.
- Testing payroll records to verify that they are documented by time distribution sheets, paid at authorized levels, charged to the

appropriate funding source and cost categories. They are also tested to verify that salaries do not exceed federal ceilings.

- Testing to verify that cost allocation of indirect/shared costs are allocated consistently in an appropriate manner and to the proper funding source and cost category.
- Reviewing property management procedures and checking inventories to verify accuracy and adherence to federal and state requirements.
- Testing procurements to ensure that only necessary and allowable goods and services are purchased; are procured in an open and competitive manner; follow federal/state/local procurement processes.
- Reviewing the monitoring of DWD's subrecipients for verification of schedules; review reports and corrective action plans resulting from monitoring findings are checked for compliance with federal and state requirements.
- Reviewing sample disbursements to trace to the appropriate ledgers; comparing to proper authorizations to purchase and pay, and tracing back to source documentation. They are then analyzed to make sure only reasonable and authorized disbursements are made and are charged to the correct cost categories and funding sources and do not exceed any cost limitations.
- Verifying financial reports submitted to DWD for accuracy.

Programmatic monitoring includes:

- Review of a sample of client files to assess eligibility determination and documentation, the quality and appropriateness of services provided and evidence of required elements and procedures.
- Interviews with staff at the Regional Operator and Service Provider levels to ensure knowledge of program requirements and to gather information on best practices or potential issues.
- Review of local policies and procedures to ensure compliance with DWD and Federal requirements.

WorkOne monitoring may include:

- Interviews with clients to assess the overall quality of customer service.

- Interviews with Work One employees to identify training needs and issues affecting morale.
- Review of overall office appearance, including condition, cleanliness and signage.
- Review of data security, including secure storage and proper disposal of confidential client records.

Authorities used to conduct monitoring include:

- Public Law 105-220 (Workforce Investment Act);
- 20 CFR Part 652 (WIA Regulations);
- The One Stop Financial Management Technical Assistance Guide (TAG);
- US Department of Labor Code of Federal Regulations (Part 0-99);
- The Uniform Administrative Requirements, *The Common Rule*, (29 CFR Parts 95 & 97);
- Office of Management and Budget Circulars A-87, A-122, A-110 and A-133;
- US Department of Labor Training and Employment Guidance Letters;
- Generally Accepted Accounting Principles; and,
- Indiana Workforce Development Policies

Monitoring Reports and Resolution

Monitoring reports may contain Compliance Findings, Observations and Best and/or Promising Best Practices. Compliance findings involve a violation of applicable federal, state or local laws, regulations and policies. They require corrective action and are addressed after the issuance of the report by the DWD Resolution Unit. Observations are used to call attention to potential issues that could have negative consequences if not addressed. The Best and/or Promising Practices section highlights practices that have shown positive results, have the potential to be successful or may be innovative. Such practices might include effective recruitment strategies, rewarding partnerships with other entities or a promising program design. No responses are required for Observations or Best/Promising Practices.

Regional Background and Monitoring Detail

The Region 6 Regional Workforce Board is the grant recipient. The Regional Operator is The Alliance for Strategic Growth. Full service WorkOne offices are located in Muncie and Richmond. Express locations include Hartford City, Rushville, Winchester, Portland, New Castle and Connersville. WIA client services are provided by JobWorks.

The monitoring period for this visit was April 1, 2010 to November 30, 2010. Grants active during the monitoring period included:

ARRA-9-06	BC-9-06	CAA-9-06
JAG-9A-06	NAV-9-06	RR-8-06
RWB-8-06	RWB-9-06	SY-ARRA-9-06
JAG-9-06	JAG-0-06	SEOJT-9-06
RR-OJT-9-06	RR-OJT-ARRA-9-06	DISC-9-06
BC-0-06	CAA-0-06	IS-0-06
RWB-0-06	TAA-ABE-0-06	TAA-ARRA-0-06
TAA-RR-0-06	YSP-0A-06	YSP-0B-06

Monitoring was conducted by the DWD Grant Oversight Unit and by KPMG, LLP under a contract with DWD. The on-site monitoring visit took place at the Regional Operator's administrative office, which is located at 122 East Main Street in Muncie, from December 6, 2010 through December 10, 2010. An entrance meeting with appropriate personnel occurred on December 6, 2010. The exit conference was held December 10, 2010. Additional monitoring was conducted at local WorkOne offices.

Records across several monitoring areas were selected for evaluation, including 10 randomly selected participant files for WIA Youth, 10 for Adult, and 10 for Dislocated Worker & TAA, 4 bank reconciliations, 25 disbursements, 5 contracts, and 7 procurements judgmentally selected. Some local offices were reviewed for compliance with signage, security and service requirements.

**Part I
Design & Governance**

Findings

No findings were identified.

**Part II
Program & Grant Management Systems**

Findings

No findings were identified.

**Part III
Financial Management Systems**

Findings

- 1) **Finding: Undocumented Conflict of Interest Checks.** The RWB and ASG must retain documentation in the contract file that conflict of interest checks for real or apparent conflicts of interest relative to both staff involved in the procurement process as well as governing board members were performed. No documentation was found for the five contracts selected to be reviewed.

Criteria: ASG must document that contract awards are in compliance with 29 CFR 95.42 Codes of Conduct, 29 CFR 95.43 Competition and 29 CFR 95.46 Procurement Records, which all address conflict of interest and/or procurement requirements. These citations dictate that conflict of interest checks must be performed before engaging in a procurement action.

Recommendation: ASG should require staff involved in a procurement to complete a conflict of interest check and to include documentation demonstrating checks were performed for both staff and board members in each contract file.

Alliance for Strategic Growth Inc Response

Use Tab Key to Move between Responses

Date: June 15, 2011

Response: Beginning with the PY11 Procurements, A Conflict of Interest Form specific to the procurement will be signed by all parties involved in the procurement process. This includes staff as well as board members involved in reviewing, recommending, or approving entities throughout the procurement. This is in addition to the general Conflict of Interest form that is filled out annually by staff and verbal declaration before every Board and Board Committee Meeting by board members.

DWD Oversight Resolution Response 6/29/11

This finding appears to be satisfactorily resolved. This issue will be reviewed at the next monitoring visit.

- 2) **Finding: Potentially Questioned Costs Due to Incorrect Compensation Allocation.** Questioned costs may have been incurred at least three times in instances where the “*cash option*” addition to standard compensation was not appropriately allocated. While the cash option allocation issue occurred for three of the five timesheets examined, it appears to be a common practice and likely affects other personnel payments throughout the monitoring period.

For one questioned allocation identified, the Associate Director of Operations received a cash option payment on September 3, 2010. While she spent only 56 of 80 hours on WIA-Youth, the entirety of her \$184.68 cash option was allocated to WIA Youth. As federal regulations require costs be allocated to the program such costs benefit, only \$128.28 should have been allocated to WIA Youth, while \$30.01 should have been allocated to YHCC and \$25.39 should have been allocated JAG to reflect the proportional hours spent on those activities.

Criteria: *Attachment A to OMB Circular A-122 (A)(4)(a) states “A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received.” Attachment A to OMB Circular A-122(A)(4)(b) states “Any cost allocable to a particular award or other*

cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.” The circular is codified at 2 CFR 230 Appendix A.

Recommendation: In accordance with the federal regulation, ASG should allocate all costs in accordance with the relative benefits received. ASG should examine all timesheets from the monitoring period to assess whether other questioned costs may have been incurred.

Alliance for Strategic Growth Inc Response

Use Tab Key to Move between Responses

Date: June 13, 2011

Response: Immediately after the monitoring the allocation for the cash option was changed to include all funding streams for the timesheet that is being processed. The Standard Operating Procedure has been changed to assure that all funding streams will receive their portion of the cash option based on hours worked for the period in the future.

DWD Oversight Resolution Response 6/29/11

The Region 6 response addresses the period following the monitoring visit. This finding also recommends Region 6 “...should examine all timesheets from the monitoring period to assess whether other questioned costs may have been incurred.” Please detail the actions of Region 6 in reviewing all timesheets between April 1, 2010 and November 30, 2010 and the results of this review.

Alliance for Strategic Growth Inc Additional Response

Use Tab Key to Move Between Responses

Date: July 25, 2011

Region 6 reviewed the time sheets for pay periods end May 7, 2010 (PY09) and October 8, 2010 (PY10) to obtain a representative sample. All grant expenditures affected for these representative sample periods are either WIA or ARRA allowable. Any WIA or ARRA allowable expenditure is an allowable expenditure for the WIA Administrative cluster funds. Based upon the analysis of the sample periods, overall WIA would have been charged less if the cash option has been allocated to the other grants in question. Based upon the analysis, those grants/contracts which would have received an increase in allocated expenses ranged from \$.03 - \$59.48 for an average of \$24.51. Of the two periods reviewed the other grants in

question are JAG, Navigator, CAA, Integrated Services, YHCC and VWIP. Historically any overage to these grants is charged to WIA Administrative cluster fund which was the case in both PY09 and PY10. In PY09 JAG, Navigator, CAA, VWIP and Integrated Services had expenses moved to WIA Administrative cluster fund and in PY10 Youth, Integrated Services and VWIP have expenses moved to WIA Administrative cluster fund. All of the other grants in question have already been expended 100% in PY09 and PY10 and any additional expense during the time period in questions created by posting any cash option to them would be moved to WIA Administrative cluster fund resulting in no net difference. Because there is no net difference and because the amount of time it would take to calculate and process the corrections at the EGR 6 and Department of Workforce Development levels, including revisions to Closeout Reports and Grants/Contracts, far exceeds any benefit which would be derived, EGR 6 respectfully requests that this corrective action and analysis be accepted in consideration of the fact that changes were immediately implemented with the payroll ending November 5, 2010 and continues as a matter of standard operating procedure.

DWD Oversight Resolution Response 8/8/11

This finding appears to be satisfactorily resolved. This issue will be reviewed at the next monitoring visit.

- 3) **Finding: Exclusion of CFDA Number from Contract.** The ASG contract did not include the applicable funding source or CFDA number to demonstrate that subrecipients were informed of all information as required by the criteria below. Grant recipients are responsible for informing each subrecipient of a Federal award's CFDA title and number, award name and number, and award year.

Criteria: *OMB Circular A133, Subpart D Federal Agencies and Pass-Through Entities Responsibilities, Section 400 (d) Pass-Through Entity Responsibilities dictates any subgrantor is required to inform each subrecipient of CFDA title and number, award name and number, and award year.*

Recommendation: The CFDA title and number, award name and number, and award year should be included in all future contracts awarded by the RWB and ASG to demonstrate subrecipients have been informed of applicable information as required.

Alliance for Strategic Growth Inc Response

Use Tab Key to Move between Responses

Date: June 15, 2011

Part VI
Best Practices/Promising Practices

Response: ASG will ensure that the CFDA number is added to all new and continuing contracts for PY11.

DWD Oversight Resolution Response 6/29/11

This finding appears to be satisfactorily resolved. This issue will be reviewed at the next monitoring visit.

Part IV
Service Delivery

Findings

No findings were identified.

Part V
Performance Accountability

Findings

No findings were identified.

1) Topic: Best Practices

Best Practice: **Conflict of Interest Checks**

A Conflict of Interest check appears automatically on the agenda for every ASG meeting. This practice ensures that the issue of potential conflicts is not overlooked, and the meeting minutes document the process.

Best Practice: **Volunteer Regional Team Meeting**

A Volunteer Regional Team meeting is held on each Election Day, when all offices are closed, and most staff has a paid holiday*. The meeting is open to anyone involved in the WorkOne system, including RWB members, RO staff and DWD employees. It provides an informal forum to exchange ideas and talk about problems affecting the Region and the workforce system. Special guests, such as OJT employers, home foreclosure experts and marketing specialists, are invited to share information with the group, increasing staff knowledge of community resources and expanding referral opportunities. The main idea is to provide an opportunity for WorkOne and community stakeholders to have communication and enjoy fellowship in an informal atmosphere. When the meetings began, attendance was sparse, but it has grown dramatically. More than one hundred people were involved in the most recent meeting.

Best Practice: **Regional Career Magazine**

The Region published a career magazine for East Central Indiana. Entitled “*WorkOne Career Connect*”, the magazine is a monthly publication with a total distribution of 15,000 copies for each issue. Currently, the major focus is promoting the many workshops provided at WorkOne offices, but there are plans for expansion. A special section of the magazine is reserved for Youth programs, in order to increase awareness and to ensure that the myriad of youth resources available do not get overlooked in the overall vista of social programs. The adverse economic conditions in Region 6 have brought large numbers of dislocated workers into the area’s WorkOne offices, but the RO has

* *Both State and JobWorks employees received comp days for attending this function*

Part VII Observations
--

made a concerted effort to recruit Youth participants as well. The career magazine is a resource for all WIA clients.

Best Practice: **Centralized Telephone System**

Region 6 has implemented a centralized telephone reception and information exchange system that appears to have greatly enhanced customer service both in and outside of the WorkOne offices. Calls to all Region 6 WorkOne offices are routed to the Muncie office, where they are answered by the Express Service Team. The team consists of three experienced staff members, including one person who is an expert on Unemployment Insurance (UI). The centralized system provides a number of advantages. Many questions can be answered quickly by phone, eliminating the need for clients to travel to their local office, and having technical assistance readily available helps to reduce errors for claims filed online. Questions that cannot be answered by the Express Service Team are routed to the correct person/department, thus reducing client frustration. The centralized phone system also allows the RO to utilize limited staffing resources more effectively and efficiently. Without the constant stream of incoming phone calls, office staff is better able to provide courteous and personal service to clients who have taken the time to travel to the centers for in-person assistance. The new phone system appears to be a benefit to all Region 6 customers, providing faster service and less frustration.

1) Topic: Design and Governance

Observation: **Conflict of Interest Forms Not Initialed.** In reviewing the board members' conflict of interest statements, it was observed that as a matter of practice board members update their statements by initialing and dating the bottom of the second page of the statement in lieu of signing new conflict of interest forms annually. Two board member conflict of interest statements were not initialed and only had hand written dates on their statements.

Criteria: *Proper format and structure of conflict of interest forms is not a Federal or state requirement; however, it is an effective practice to have complete and legible conflict of interest forms documented on file.*

Recommendation: The two statements with missing initials should be initialed to be consistent with current practice and to provide updated certification. To further enhance its conflict of interest checks, ASG should require that new conflict of interest forms be filled out each year by each board member. Finally, the board should formalize its practice for updating conflict of interest statements and indicate the frequency for such updates in a written policy.

2) Topic: Program and Grant Management

Observation: **Not Documenting Annual Review for Combined Salary and Bonus Limitation.** An annual review of combined salaries and bonuses is not being performed regularly by ASG. The combined salary and bonus ceiling must equal the Federal Executive Level II for ETA funded recipients and sub-recipients (For FY2010: Level 1 \$199,700, Level 2 \$179,700, Level 3 \$165,300, Level 4 \$155,500, Level 5 \$145,700.) In 2008 a review was completed and salaries were within the limits; however, ASG does not appear to be conducting the review annually as management did not complete a subsequent review the following year.

Criteria: *Public Law 109-234 section 7013 states "None of the funds appropriated in Public Law 109-149 or prior Acts under the heading 'Employment and Training Administration' that are available for expenditure on or after the date of enactment of this section shall be*

used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II, except as provided for under section 101 of Public Law 109–149.” Training and Employment Guidance Letter No. 5-06 states the legal requirements established in Public Law 109-234 section 7013 apply to ETA grantees and fund recipients.

Recommendation: All salary levels (including bonuses) should be reviewed annually as part of normal monitoring procedures for compliance with the salary and bonus limitation as required under the Federal law. Any future changes in compensation should also be reviewed for compliance.

3) **Topic:** Program and Grant Management

Observation: Unclear or Lacking Contract Language Relative to Disallowed Costs. Disallowed costs cannot be paid back by ASG with any Federal funds under applicable cost principles. ASG’s contract clause states *“The Contractee and, if applicable, its Guarantor are responsible for the repayment of costs determined to be disallowed in accordance with applicable statutes, regulations, directives or mandates. Repayment of such costs shall be made within thirty (30) calendar days of the final audit determination and, unless agreed to in writing by ASG, shall be re-paid from non-Federal funds. Responsibility of the Contractee, as set forth herein, shall not release any insurer or bonding company from any contractual duty to reimburse the insured, ASG, or the obligee.”* The wording, *“unless agreed to in writing by ASG”*, indicates there may be circumstances when a federal disallowance may be paid back from federal funds.

Criteria: *29 CFR 97.20 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments states “Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.” Disallowed costs are not allocable under OMB Circular A-122 and cannot be repaid from Federal funds.*

Recommendation: The language in the ASG contract should be clarified to explicitly state that disallowed costs may not be repaid using federal funds under any circumstances.

4) Topic: Financial Management Systems

Observation: **Inadequate Timesheet Dating.** None of the five timesheets observed contained dates next to the employees' and supervisors' signatures to demonstrate they were after-the-fact determinations.

Criteria: *OMB Circular A-122, Attachment B – Item 8 Compensation for Personal Services dictates that PARs must be signed by the individual and be an after-the-fact determination.*

Recommendation: ASG should require personnel and supervisors to date the timesheets prepared each pay cycle to evidence it is an after-the-fact determination.

5) Topic: Financial Management Systems

Observation: **Lack of Review Over Cancelled Checks.** Cancelled or electronic checks are not regularly reviewed for ASG's bank accounts. A review of checks disbursed from bank accounts can be an effective control to increase the likelihood of catching and responding to cash balance errors quickly.

Criteria: *Effective internal control practices commonly include reviewing cancelled checks on a regular basis. Additionally, 29 CFR 97.20 states the following: (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property." This regulation dictates adequate internal controls must be in place regarding cash management.*

Recommendation: ASG and the RWB should request electronic checks be included in bank statements. In addition, an employee without check-signing authorization should review cancelled or

electronic check copies regularly as part of the bank reconciliation process.

6) Topic: Financial Management Systems

Observation: **Draw Downs Not Allocable to Grant Year.**

Expenditures not allocable to a funding source/grant year were drawn inaccurately by ASG. An example is provided to illustrate this circumstance: ASG may be eligible to use funds from Grant 2009 and the newly-approved Grant 2010. If the subrecipient requires \$10,000 funding from Grant 2010 due to expenditures incurred in performance of Grant 2010, but Grant 2010 is not yet available in the State's PeopleSoft system, ASG may draw the \$10,000 from Grant 2009 during its liquidation period after grant year end.

ASG takes this action because there is commonly a delay between the authorization of future year funding by DWD and the availability of such funding in the State's PeopleSoft system. DWD has indicated that it is aware of the issue and the State's role in causing this delay. DWD will work with the Region to minimize this issue.

Criteria: *OMB Circular A-122 A(4)(b) states "Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award."*

The requirements cited above have also been codified in Appendix A to 2 CFR 230 – General Principles for Determining Allowable Costs at section A(4)(b) : Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award."

Recommendation: ASG should work with DWD to identify how to prevent costs from being charged to a funding source to which they are not allocable given the circumstances surrounding the delay in availability of those sources within the State's PeopleSoft system.

7) Topic: Financial Management Systems

Observation: Undocumented Debarred and Suspension Checks.

The RWB and ASG are required to verify that contract awards are not made to a debarred or suspended party. Conclusive documentation demonstrating that a review was performed relative to the debarred or suspended status of the awarded party was not present for any of the five contracts reviewed. Files indicated that contractors attested that they are not debarred or suspended as part of the contract document, but no verification was performed by ASG.

Criteria: 29 CFR 98 Subparts A-E (29 CFR 98.25 - 29 CFR 98.355), Executive Orders 12549 & 12689 require contracts not be made to a debarred or suspended party.

Recommendation: ASG should require staff to verify debarred or suspended status online and include screen shots of the online reviews indicating that the party is not debarred or suspended in the contract file. Vendor status can be found at the GSA's website:

<https://www.epls.gov/>.

8) Topic: Financial Management Systems

Observation: Missing CFDA and Funding Amount in Contract.

Two vendor contracts tested did not include CFDA numbers: 4EOS and Connersville News Examiner. The federal requirement to include this information in contract files applies only to subrecipients receiving a federal award (subaward) and not vendors; however, it is recommended that this information be provided on every subcontract since the entity making the subcontract award would need this information for preparation of the Financial Statement and Schedule of Expenditures of Federal Awards if they meet the \$500,000 threshold and have to complete the A-133 audit.

Criteria: OMB Circular A133, Subpart D Federal Agencies and Pass-Through Entities Responsibilities, Section 400 (d) Pass-Through Entity Responsibilities, (1) dictates pass-through entities shall "Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this

information is not available, the pass-through entity shall provide the best information available to describe the Federal award.”

Recommendation: The CFDA title and number, award name and number, and award year should be included in future contracts.

9) Topic: Financial Management Systems

Observation: **Lack of Permanent Cash Option Policy.** ASG’s practice of allowing employees to receive a “*cash option*”, increasing wages in lieu of company-provided benefits, is not explicitly stated in its Cafeteria Plan or Personnel Policy. Instead, ASG provides a fringe benefits overview document to all new employees during their orientation and to all company employees if the plan changes.

Criteria: *OMB Circular A-122 A(2)(c) states costs must “be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the organization.” This citation dictates that federal funds be expended in accordance with established organizational policies and procedures. ASG does not have a permanent policy covering cash option payments.*

Recommendation: ASG should update its Cafeteria Plan and Personnel Policies to include all fringe benefit options and to clearly state the option to receive a cash payment in lieu of benefits.

10) Topic: Service Delivery

Observation: **DWD Policy Reference.** ASG’s WIA Eligibility Definitions policy dated 4/12/07 refers to an outdated DWD Policy 2006-17, Change 1. It was rescinded and replaced by DWD policy 2007-25: Eligibility Determination and Data Validation Requirements for Integrated Adult Programs Provided by the WorkOne System.

Criteria: *ASG’s WIA Eligibility Definitions Policy and DWD Policy 2007-25.*

Recommendation: ASG should update its policy to reflect the correct DWD policy reference.

Exhibit A
Program Participant Sample Selections

WIA - Youth
List of Participant Files Reviewed

Sample #	Client ID	Application Date	Servicing Organization
1	1254506	6/9/2009	W1 Blackford
2	110538	3/4/2010	W1 - Fayette
3	1508599	8/30/2010	Indiana Wagner-Peyser WorkOne
4	1534594	7/13/2010	W1 - Randolph
5	1561956	9/13/2010	W1 Blackford
6	1529096	7/12/2010	W1 - Fayette
7	1325449	8/27/2009	W1 - Randolph
8	1454961	4/5/2010	W1 - Henry
9	1339096	10/2/2009	W1 - Delaware
10	113107	2/19/2008	DWD - Richmond WorkOne

WIA - Adult
List of Participant Files Reviewed

Sample #	Client ID	Application Date	Servicing Organization
1	1436381	10/7/2010	W1 - Jay
2	180682	9/16/2010	W1 - Randolph
3	342701	7/12/2010	W1 - Jay
4	1563735	9/16/2010	W1 - Randolph
5	1077939	6/2/2010	W1 - Delaware
6	839056	12/30/2009	W1 - Delaware
7	191923	8/3/2010	W1 - Randolph
8	1094742	9/20/2010	W1 - Wayne
9	1535101	7/13/2010	W1 - Jay
10	80312	8/3/2009	W1 - Wayne

**WIA – Dislocated Worker & TAA
List of Participant Files Reviewed**

Sample #	Client ID	Application Date	Servicing Organization
1	974368	3/26/2009	W1 - Wayne
2	23033	8/4/2009	W1 - Henry
3	777557	6/18/2009	W1 - Delaware
4	789097	7/28/2009	W1 - Henry (New Castle)
5	1205851	8/20/2009	W1 - Fort Wayne - Region 3
6	294498	8/6/2009	W1 - Henry
7	981842	2/12/2009	W1 - Delaware
8	436969	11/10/2009	W1 Wayne
9	317666	8/18/2009	W1 - Henry
10	410946	6/23/2009	W1 - Delaware