



Department of
Job and Family Services

Ted Strickland, Governor
Douglas E. Lumpkin, Director

Workforce Investment Act Advisory Bulletin 2009-001

To: All LWIB Chairs, Fiscal Agents, and Administrative Entities

From: Michelle Horn, Deputy Director
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Office of Fiscal and Monitoring Services 

Date: April 29, 2009

Subject: Advisory Bulletin 2009-001: Identification of operational risks associated with the WIA program.

Purpose: To bring to the attention of local areas identified risks that could impact the operation of the WIA program.

Background: The Local Workforce Investment Board (LWIB) in each local area has the responsibility to set policies and provide oversight for the local workforce investment system. In this role the LWIB may be faced with risks that can have a negative consequences associated with accomplishing their objectives.

Risk #1: Inadequate conflict of interest and code of conduct.

There have been several instances of WIA training services being used inappropriately to fund higher education for employees or relatives of employees. While employees and relatives can of course appropriately apply for services, it inherently brings about certain risks.

The Workforce Investment Act (WIA) is designed to provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities.

Each local area must assess the needs of its workforce and determine the most appropriate distribution of services against projected levels of service needs. WIA is not an entitlement program. Safeguards must be in place that ensure all individuals served in the program are not only eligible and suitable, but also served in a manner that is free from the perception of any impropriety or conflict of interest.

Ohio Administrative Code 5101:9-31-01(Q) states: General Requirements for Use and Expenditures of Workforce Investment Act Funds by Local Areas states:

*The subrecipient hereby agrees that in administering its local area, it will comply with standards of conduct for maintaining the integrity of the project and avoiding any conflict of interest in its administration including, but not limited to, 29 U.S.C. 2832 (g) and Ohio ethics law. Every reasonable course of action will be taken by the subrecipient in order to maintain the integrity of these expenditures of public funds and to avoid any favoritism or questionable or improper conduct. The local area will be administered in an impartial manner, free from personal, financial, or political gain. **The subrecipient, its executive staff and employees, in administering this subgrant, will avoid situations which give rise to a suggestion that any decision was influenced by prejudice, bias, special interest, or personal gain.***

Recommendation: To mitigate this risk, we recommend that local WIBs establish policies and procedures for determining eligibility and service needs of immediate family or close personal relations of local elected officials, WIB members, Youth Council members, WIA executive staff and employees, and One-Stop partners.

Risk #2: Insufficient policies and procedures to properly control outreach and recruitment activities and costs.

Participant outreach and recruitment is not specifically addressed in the WIA or its regulations. While this is a necessary activity the only related guidance is from 2 CFR Part 225 (OMB Circular A-87). The Circular is very restrictive in terms of advertising and public relations costs. The Circular also requires all costs to be necessary and reasonable in both nature and amount.

Recommendation: In order to mitigate this risk, we recommend the LWIB establish policies defining appropriate outreach and recruitment. This information should be communicated to all levels of spending authority. The LWIB should also establish a budget for outreach and recruitment. If the area is decentralized, each one-stop operator should have its own budget. The LWIB should then use the policy and budget to conduct oversight.

Risk #3: Inadequate documentation to support expenditures.

The Uniform Administrative Requirements require fiscal control to permit the tracing of funds to a level of expenditure to establish that such funds have not been used unlawfully. The requirements also state that applicable OMB cost principles will be used to determine necessity and reasonableness of costs. There have been instances where purchases lacked authorizations, proper quote information or the authorizations did not agree with the goods or services received.

Recommendation: To mitigate this risk, we recommend the LWIB establish budgets, and review their processes to ensure that proper authorizations and documentation are required.

Risk #4: Inadequate policies and procedures for providing services to participants.

As stated above, WIA is not an entitlement program. It is designed to provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities. Each LWIB must assess the needs of its workforce and determine the most

appropriate distribution of services against projected levels of service needs.

All costs must also be supported by documentation to demonstrate necessity and reasonableness in both nature and amount. In order to meet these requirements the LWIB must assess local areas needs and properly align polices and procedures.

Recommendation: In order to mitigate this risk, we recommend LWIBs establish a formal strategic planning process. The process should consider the needs of both employers and job seekers within the overall context of local economic conditions. The needs analysis should include the demographics of the unemployed and underemployed within the area. The LWIBs should than establish polices based on the strategic plan.