

U.S. Department of Labor



**Employment and Training Administration
REGION 5**

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October 9, 2019

Beth Townsend, Director
Iowa Workforce Development
1000 E. Grand Avenue
Des Moines, IA 50319-0209

Dear Director Townsend:

During the period of August 12 – 16, 2019, the U.S. Department of Labor (DOL), Employment and Training Administration (ETA) Regional Office conducted an Enhanced Desk Monitoring Review (EDMR) of the programs that follow:

WIOA Adult/DW PY17: AA-30937-17-55-A-19

WIOA Adult/DW PY18: AA-32189-18-55-A-19

Wagner Peyser PY17: ES-30988-17-55-A-19

Wagner Peyser PY18: ES-31847-18-55-A-19

Our report from this review is enclosed. Please respond to the nine Findings identified in the report within 30 days from the date of the report. Your response should be submitted to your Federal Project Officer (FPO), Tommy Ouyang, at ouyang.tommy@dol.gov and RO5-RA-CHI@dol.gov.

This monitoring effort was conducted following a joint review protocol. Our Federal partners at the U.S. Department of Education reviewed and concurred with those Findings in the report governed by 20 CFR 676, 677 and 678 and/or 34 CFR 361 and 463.

We hope that our review and this report are helpful to you and your team. We thank you for your assistance and that of your staff during our visit. If you have any questions, please contact Tommy Ouyang at 312.596.5512.

Sincerely,

A handwritten signature in black ink, appearing to read "Christine Quinn", with a long horizontal flourish extending to the right.

Christine Quinn
Regional Administrator

Enclosure

Executive Summary

The review resulted in nine Findings and two Areas of Concern.

- Finding 1: Non-Compliant State Monitoring and Oversight – State
- Finding 2: Lack of CEO Agreements – State
- Finding 3: Improper Disbursement of Local WIOA Funds – State
- Finding 4: Local WDB Failed to Competitively Procure a One-Stop Operator – LWDA 9 and State
- Finding 5: One-Stop Certification Not Completed – LWDA 9 and State
- Finding 6: Local WDB Not Performing Required Functions – LWDA 9 and State
- Finding 7: Local WDB Not Performing Required Monitoring and Oversight – LWDA 9
- Finding 8: Non-Compliant Memorandums of Understanding – LWDA 9 and State
- Finding 9: Lack of Consumer Choice of Eligible Training Provider – LWDA 9
- Concern 1: Inadequate Individual Employment Plans – LWDA 9
- Concern 2: Follow-up Services and Other Documentation Not Properly Captured in Management Information System – LWDA 9

NOTE 1: The review did not cover any areas outside the defined scope. Although no material issues came to the reviewers' attention other those contained in this report, there is no assurance that other issues may not exist.

NOTE 2: This EDMR also served as a follow-up to ETA's September 2017 onsite monitoring review. The report for that review was issued in November 2017. One part of this EDMR was to evaluate the progress made by Iowa Workforce Development in addressing 10 unresolved Findings from the November 2017 monitoring report. These Findings are at both the State and Local Workforce Development Area (LDWA) levels. Accordingly, most of the issues identified in the EDMR are the same as those identified in the November 2017 report. Therefore, satisfactory resolution to the Findings listed above will also resolve the concurrent open Findings from the November 2017 monitoring report.

Scope of Review

Date of Review: August 12 – 16, 2019

Date of Exit Conference: August 22, 2019

Sites Reviewed:

- Iowa Workforce Development Agency (IWD)
- LWDA 9

Reviewers:

- Arlene Charbonneau, Federal Project Officer (FPO)
- James Lambert, FPO
- Stacy O'Keefe, Supervisor
- Tommy Ouyang, FPO

Grantee Staff at Exit Conference:

- Michelle McNertney, IWD
- Cathy Ross, IWD
- Mike Witt, IWD
- Paula Arends, LWDA 9
- Ronee Slagle, IWD

Purpose:

The purpose of ETA's review was to measure progress, identify areas of compliance, and to offer opportunities for technical assistance to help resolve non-compliance issues, and ensure that Federal funds are used responsibly. In particular, the review assessed whether the grant is operating in accordance with the Workforce Innovation and Opportunity Act (WIOA), Titles I, II, III, and IV; regulations at 20 CFR 676, 677, 678; and 2 CFR Part 200 – Uniform Administrative Requirements, and 2 CFR Part 2900 – DOL Exceptions to 2 CFR Part 200.

Grant/Programs Reviewed:

- WIOA Adult/DW PY17: AA-30937-17-55-A-19
- WIOA Adult/DW PY18: AA-32189-18-55-A-19
- Wagner Peyser PY17: ES-30988-17-55-A-19
- Wagner Peyser PY18: ES-31847-18-55-A-19

Time Period for Review: July 1, 2017 to June 30, 2019

Tools Used for Review:

- ETA Core Monitoring Guide (Indicators)
- WIOA Key Provisions Review Tool (Core Components)

FINDINGS

Finding 1: Non-Compliant State Monitoring and Oversight – State

(Indicator: 2.f.4 – Subrecipient Monitoring)

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The State’s monitoring and oversight efforts are inadequate in terms of compliance with WIOA requirements and overall effectiveness and quality. The following outlines the areas of non-compliance and/or deficiency:

A. All monitoring was conducted remotely, with no on-site review. The State’s monitoring reports indicated that State staff completed the review through the data management system. This was confirmed by the State’s monitoring staff during the review. The State’s monitoring policy - which consists of Field Information Memo 19-01 - is also out of compliance in this regard, as it expressly indicates that monitoring should be conducted remotely (section 3, “Monitoring Scope”); and

B. The scope of the State’s monitoring is not compliant WIOA requirements. As reflected in the monitoring reports, the scope of the State’s monitoring was limited to the review of three participant files each for the Adult and Dislocated Worker programs, and two files for the Youth program, for the entire 2018 program year. This resulted in the review of a total of eight participant files from the local area. State monitoring efforts did not extend past this limited file review. It is noteworthy that the number of files required to be reviewed has decreased by almost half since ETA’s previous monitoring review in 2017.

The State is not assessing the overall operation, management, and performance of its One-Stop Centers. It is not reviewing governance structures, processes and/or policies at the local level for operating or evaluating WIOA programs. It is not reviewing local performance data collection and reporting systems, or the achievement of WIOA performance outcomes. It has not assessed the implementation of key WIOA provisions at the local level.

The regulations, at [20 CFR 683.410\(b\)](#), outline the State’s roles and responsibilities for monitoring and oversight. The regulations indicate, in part:

(2) The State monitoring system must: (i) Provide for annual on-site monitoring reviews of local areas’ compliance with 2 CFR part 200, as required by sec. 184(a)(3) of WIOA; (ii) Ensure that established policies to achieve program performance and outcomes meet the objectives of WIOA and the WIOA regulations....(3) The State must conduct an annual on-site monitoring review of each local area’s compliance with 2 CFR part 200, as required by sec. 184(a)(4) of WIOA. (4) The [State] must require prompt corrective action be taken if any substantial violation of standards...is found....”

Additionally, the Uniform Guidance monitoring requirements are described in [2 CFR 200.331](#):

All pass-through entities must: ... (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and performance reports required by the pass-through entity. (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means. (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

The State has committed its resources to working on changes to the high-level structure of the local system and, as a result, has not made the development of a comprehensive monitoring system a priority at this time. Although they are under development, comprehensive and compliant policies and procedures for monitoring have not yet been issued.

A monitoring policy centered exclusively on participant file review ignores many critical areas of WIOA Title I compliance and the administration/operation of WIOA programs in the local areas. It also fails to comply with even the minimum WIOA and Uniform Guidance requirements around monitoring and oversight. Local areas may struggle to reach WIOA performance targets in the absence of regular monitoring and support from the State.

Corrective Action: The State must develop new policies and procedures for monitoring and oversight that address the purpose and scope of monitoring, establish new and improved monitoring guides/tools, and institutionalize follow-up and technical assistance activities. Any new processes developed must provide for thorough annual review of all local areas across the State and ensure that all major grants and programs are monitored in any given year, as appropriate. Provision of any follow-up or technical assistance needed must also be an integral part of the process. In its response to this report, the State must describe for the Regional Office the steps it is taking to address this issue and submit links to any new policies, procedures, or tools that are developed.

IWD Response: IWD is committed to developing and implementing comprehensive WIOA monitoring in Iowa. As you are aware, IWD is currently completing a WIOA System Transformation and Realignment project that will lay the groundwork for successful and comprehensive WIOA monitoring. Until very recently, Iowa has never had WIOA Administration and Governance policies in place; in September 2019, the State Workforce Development Board

(SWDB) approved comprehensive WIOA Administration and Governance policies, which provide the information necessary to local areas to be WIOA compliant, and which, in turn, lay the foundation for IWD to conduct comprehensive monitoring. These policies will become effective as soon as possible to coincide with new local workforce development areas. The next step in IWD's progress to WIOA monitoring is to publish Oversight and Monitoring policies; a draft of these policies is attached. These policies will be put forth for approval at the next SWDB meeting. After approval, IWD will begin training and education for the Local Areas. Currently, IWD has issued Field Memo 19-04, WIOA Program Monitoring Program Year 2019. We understand that this does not meet the requirements for WIOA monitoring, but does show IWD is working towards comprehensive monitoring as we have increased our areas of focus in PY19 beyond a desk review of case files. As IWD continues to work through the System transformation and Realignment project, we will continue to work to educate all stakeholder groups on WIOA requirements, including monitoring. IWD will continue to monitor WIOA programs incrementally; we believe that it is reasonable for IWD to begin comprehensive WIOA monitoring after the completion of realignment of LWDAAs in Iowa.

Attachments:

- WIOA Oversight and Monitoring Policies – Draft
- Field Memo 19-04: WIOA Program Monitoring Program Year 2019

Finding 2: Lack of CEO Agreements – State
(Core Component 3.1 – Local Area Governance)

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Despite being composed of multiple units of local government, the local areas in Iowa do not have agreements in place between the local elected officials outlining the liability, roles and responsibilities of the local elected officials in their respective jurisdictions.

The regulations at [20 CFR 683.710\(b\)\(2\)](#) state, “When a local workforce area or region is composed of more than one unit of general local government, the liability of the individual jurisdictions must be specified in a written agreement between the local elected officials.” This agreement typically outlines roles and responsibilities of the chief elected official(s) under WIOA. This regulation, at subparagraph (3) further requires that, when there is a change in the chief elected official(s), the Local Workforce Development Board (WDB) inform the new CEO(s) of their responsibilities and liabilities and of the need to review and update the written agreement.

The reason for the lack of CEO Agreements across the State is that most local elected officials have not had a role in the workforce system in Iowa for many years. Many are not aware of their roles and responsibilities. Compounding this is the fact that, until just recently, the State did not have a policy around the development of a CEO agreement. The State had also not provided any training to its local elected officials, until just recently.

This written agreement is a critical governing document, as the local elected officials must be aware of, and agree to, their liability, roles and responsibilities as the grant recipients for local WIOA Title I funds. If WIOA grant funds allocated to a given local area are misused, liability for those funds rests with the chief local elected official(s) in that local area as outlined in the CEO Agreement.

Required Action: The State must ensure that the local elected officials in local workforce areas with more than one unit of general local government enter into an agreement in accordance with the regulation cited above. The State must submit copies of these agreements, for all local areas, to the Regional Office in order to resolve this Finding.

IWD Response: During the months of September and October 2019, IWD hosted CEO training across the State. These trainings, facilitated by Maher & Maher, outlined the Roles and Responsibilities of CEOs under WIOA, including the requirement for CEO/Shared Liability Agreements. The link below provides a copy of the CEO Training Guide, with detailed information and next steps for the CEOs surrounding the Shared Liability Agreement. CEO Agreement/Shared Liability Agreement Policy was approved in September 2019 as part of the WIOA Administration and Governance policies. These policies will become effective as soon as possible to align with new local workforce development areas. In addition, the attached CEO Shared Liability Agreement template has been provided to all CEOs as part of their training. The current System Transformation and Realignment project timeline calls for all new local areas to

have CEO agreements in place by the end of January 2020. Of course, this timeline may be affected by the currently pending appeal to the Secretary of Labor regarding the SWDB's decision regarding realignment in Iowa. IWD will continue to update and communicate with DOL Region 5 regarding the resolution of this finding.

Attachments:

- [Iowa CEO Training Guide](#) link
- WIOA Administration and Governance Policy (1.2.3.0 – CEO Agreement/Shared Liability Agreement Policy)
- CEO Shared Liability Agreement Template

Finding 3: Improper Disbursement of Local WIOA Funds – State
(Core Component 3.1 – Local Area Governance)

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IWD improperly disburses WIOA Title I grant funds directly to the WIOA Title 1 Adult, Dislocated Worker and Youth service providers in each designated LWDA, bypassing the chief local elected officials who are, per statute and regulations, the local grant recipients for WIOA funds. There was no evidence that the State and the CEOs had entered into agreements in which the CEOs designated the Governor to serve as the local fiscal agent.

The WIOA statute, at section 107(12), states, “The chief elected official in a local area shall serve as the local grant recipient for WIOA funds allocated to the local area under WIOA sections 128 and 133, unless the CEO reaches an agreement with the Governor for the Governor to act as the local grant recipient.” The statute further states that only the local grant recipient/chief elected official or his/her designated fiscal agent may disburse local WIOA grant funds and this must be done at the direction of the local board.

The cause for this appears to be a lack of knowledge on the part of the State and the local elected officials. The State has distributed funds in this manner for many years and never realized its method is not allowable. The local elected officials also had no idea that the funds should flow to them, as the practice, for years, has been for the State to distribute funds directly to the WIA, and now WIOA, service providers.

Required Action: The State must establish a process for the allocation of WIOA funds directly to the local grant recipient/chief elected official or to his/her designated fiscal agent in each LWDA. The State must execute this process beginning with its PY20 WIOA Youth allocation, which the State should receive by April 2020. From that point forward, all WIOA allocations to the local system must be disbursed in accordance with the new process. In its response to this report, the State must submit to the Regional Office the steps it will take to ensure that, by April 2020, it will be ready to disburse funds appropriately. This Finding will not be resolved until the PY20 WIOA Youth allocation is properly disbursed to the local system.

IWD Response: IWD has begun work to correct this finding. On October 30, 2019, IWD leadership had a conference call with Stacy O’Keefe to discuss how we can correct this issue while working through the System Transformation and Realignment project, and while maintaining services to the constituents of Iowa. The below steps outline the process we will follow to ensure future Title I funds are properly disbursed:

1. Provide training to all CEOs on their fiscal responsibility and the role of the fiscal agent under WIOA
2. Work with the local areas to complete CEO Agreements/Shared Liability agreements, which include the designation of a fiscal agent for each local area. (Target date of 1/31/20)
3. IWD will draft new contracts to be used when disbursing funds to the local system
4. IWD will draft a transitional state policy that will allow the CEOs to *designate* the Adult, Dislocated Worker, and Youth service providers for Program Year 2020 (7/1/20 – 6/30/21). (This includes the cooperation of DOL to allow for an exception of federal regulations §681.400(b), either through a waiver or cooperation from DOL).
5. IWD will utilize new contracts and disburse PY20 funds to the local areas through the designated Fiscal Agents, and will provide copies of these contracts to DOL upon completion.

Finding 4: Local WDB Failed to Competitively Procure a One-Stop Operator – LWDA 9 and State
(Core Component 3.1 – Local Area Governance)

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The Local WDB did not competitively procure a One-Stop Operator (OSO) to coordinate service delivery in the LWDA.

In accordance with Training and Employment Guidance Letter (TEGL) [15-16](#), *Competitive Selection of One-Stop Operators*, Local WDBs were required to have selected OSOs, using a competitive process, by no later than July 1, 2017. At a minimum, the OSO must coordinate the service delivery of participating one-stop partners and service providers.

The primary cause for this is the State's failure to issue proper guidance to its local system on the competitive procurement of OSOs. This guidance and the Local WDBs' execution of competitive OSO selections have been pending the proposed realignment of the LWDA.

Corrective Action: The State must ensure that all of its Local WDBs competitively procure OSOs. In its response to this report, the State must submit its timeline for completion of competitive procurement of OSOs statewide. This Finding will be resolved when the State submits OSO procurement and selection documentation for each LWDA in the State.

IWD Response: WIOA Administration and Governance policies approved on September 20, 2019 contain comprehensive guidance on the procurement of the One-Stop Operator (OSO). These policies will become effective as soon as possible to align with new local workforce development areas. The process of procuring an OSO will begin when realignment of local areas in Iowa is complete and all necessary stakeholder groups are in place. The current timeline for completing OSO procurement is December 31, 2020. This timeline may be affected by the currently pending appeal to the Secretary of Labor regarding the SWDB's decision concerning realignment in Iowa. IWD will continue to communicate with and update DOL Region 5 regarding the resolution of this finding.

Attachments:

- WIOA Administration and Governance Policy

LWDA Response:

Region 9, in partnership with Regions 16 and 10, responded to an RFP issued by IWD for a One Stop Operator in 2017. The RFP was cancelled after the RFP was completed and submitted, and local areas were advised to await further direction from the state. No direction has been provided since 2017 with regard to hiring a One Stop Operator.

Finding 5: One-Stop Certification Not Completed – LWDA 9 and State

(Core Component 3.2: One-Stop Certification)

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At the time of the review, the Local WDB had not conducted the required One-Stop Certification of its local One-Stop system.

In accordance with [20 CFR 678.800](#), the State WDB, in consultation with chief elected officials and Local WDBs, must establish objective criteria and procedures for Local WDBs to use when certifying One-Stop centers. TEGL [10-16](#) established the deadline for the completion of the certification process as June 30, 2017.

The primary factor preventing the One-Stop certification from being completed is that the State has not issued the criteria and procedures for Local WDB's to use when certifying the One-Stop Centers and One-Stop delivery system. The guidance is pending the potential realignment of Local WDAs. Efforts to complete One-Stop certifications within the local areas are on hold due to the possibility of a statewide local area realignment.

Corrective Action: The State must issue policy guidance to the local system on One-Stop certification. The State must also ensure that all local boards complete the One-Stop certification process. In its response to this report, the State must submit its timeline for issuance of the policy and/or provide a copy of the issued policy guidance to the Regional Office. This Finding will be resolved when One-Stop Certification is complete for all local areas statewide.

IWD Response: A key task of the WIOA System Transformation and Realignment project was the formation of the Iowa WIOA Core Partner Working Group. The Working Group is charged with collaborating to carry out the vision and strategy established by the Governor and the State Workforce Development Board by developing joint policy and an integrated approach for monitoring, program oversight/support and technical assistance for local service design and delivery. The attached email correspondence details the objectives and functions of the group, including a list of Core Partner agency members. The WIOA Core Partner Working Group will work with the SWDB and consult with CEOs and LWDBs to draft One-Stop Certification criteria and procedures, with an estimated completion date of October 31, 2020. IWD will continue to communicate with and update DOL Region 5 regarding the resolution of this finding.

Attachments:

- Email – Invitation to WIOA Core Partner Working Group

LWDA Response:

Please find below an e-mail submitting the completed one stop certification packet to Benjamin Humphrey at IWD in December of 2017. The Region would be glad to provide a copy of the certification document upon request. It is over 150 pages in length. Local areas were advised to complete the certification, and then told that the process was going to be re-done. Region 9 had already completed the certification, and elected to submit with the approval of the board.

Region 9 One Stop Certification

Arends, Paula <paula.arends@iwd.iowa.gov>

Mon, Dec 11,
2017, 4:50 PM

to Benjamin, Cathy, Myron

Attached please find Region 9's completed One Stop Operator Certification, along with executive committee board minutes indicating approval of the document and requesting that the document be submitted to IWD.

Paula M. Arends, M.Ed., CWDP
Director of Workforce Innovation
IowaWORKS of Eastern Iowa
Eastern Iowa Community Colleges
902 W. Kimberly Rd., Ste. 51
Davenport IA 52806
563.445.3200 X43340

Finding 6: Local WDB Not Performing Required Functions – LWDA 9 and State

(Indicator: 1.b.1 – Designating Personnel, Staff, and Hiring)

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The Local WDB is not performing its required functions, and has not hired staff to assist in carrying out those functions. The staff to the Board consists of only one individual who provides basic administrative support, such as recording meeting minutes. Most of the functions required by regulation are being performed by the Title I service provider, Eastern Iowa Community Colleges.

[20 CFR 679.370](#) (a-q) outlines the roles and responsibilities of the local board. [20 CFR 679.400\(a\)](#) grants Local WDBs authority to hire a director and other staff to assist in carrying out the functions of the Local WDB. Neither the statute nor the regulations authorize any entity other than the Local WDB or its staff to perform these required functions. In the absence of the authority to perform these functions, the costs associated with doing so are potentially subject to disallowance.

The failure of the Local WDB to perform its required functions can, in part, be attributed to the WDB's lack of staff support. The WDB's reliance on its Title I service provider for execution of tasks that are inherently Board functions raises concerns around capacity and conflict of interest.

Corrective Action: The State must ensure that each Local WDB in the State is able to perform all of its WIOA-required functions. In its response to this report, the State must describe to the Regional Office the actions it will take to ensure Local WDBs are able to perform the required functions. To resolve this Finding, the State must submit descriptions of who is performing, and how they are performing, the WIOA-required Local WDB functions in this Local WDA.

IWD Response: As indicated in the November 2017 WIOA Implementation Monitoring Report issued to Iowa by DOL Region 5, the existing 15 local workforce development areas in Iowa do not meet the substantive requirements under WIOA. This finding includes the following wording, “Furthermore, the division of limited WIOA funds among 15 service areas, particularly in a state that has large rural areas, is stretching the available dollars so thick that the local areas are unable to fund core WIOA functions, such as staff support for the required Local Workforce Development Boards and/or the One-Stop Operators.” The issue of sufficient funding for local areas to carry out the required functions of WIOA is at the center of the system transformation and realignment efforts currently underway in Iowa. To date, IWD has drafted and approved WIOA Administration and Governance policies that include the following:

- Local Board Required Functions (1.4.3.1)
- Firewalls (1.4.6.1) – this policy requires that the role of service provider and staff to the board are performed by separate entities
- Local Board Staff (1.4.6.4)

These policies will become effective for the newly designated local workforce development areas after the realignment process is complete. The existing realignment framework estimates that staff to the boards will be hired by May 31, 2020. This timeline may be affected by the currently pending appeal to the Secretary of Labor regarding the SWDB’s decision concerning realignment in Iowa. IWD will continue to communicate with and update DOL Region 5 regarding the resolution of this finding.

Attachments:

- WIOA Administration and Governance Policy

LWDA Response:

Local areas were advised to hire support staff for boards in order to address this issue. Region 9 complied with this request, and the local board has contracted with staff for several years. In reality, this staff is only able to perform basic functions such as developing and sending out agendas, taking meeting minutes, ensuring a quorum for meetings, and handling correspondence as needed because they are not engaged in the day-to-day work of the program.

Attachments:

- Board Engagement in required Local Board Functions

Finding 7: Local WDB Not Performing Required Monitoring and Oversight – LWDA 9

(Indicator: 2.f.4 – Subrecipient Monitoring)

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The Local WDB is not conducting monitoring and oversight of its local workforce system. Some monitoring is taking place at the local level, but it is solely performed by the WIOA Adult/Dislocated Worker/Youth service provider, Eastern Iowa Community Colleges (EICC), and it consists only of a quarterly review of 10% of its participant files. Monitoring efforts in Local WDA 9 do not extend past this limited review by the service provider of its own files.

As the subrecipient of local WIOA title I funds, the local board is required to conduct regular oversight and monitoring, per [20 CFR 683.410](#). This section of the regulations states:

- (a) Each recipient and subrecipient of funds under title I of WIOA and under the Wagner-Peyser Act must conduct regular oversight and monitoring of its WIOA and Wagner-Peyser Act program(s) and those of its subrecipients and contractors as required under title I of WIOA and the Wagner-Peyser Act, as well as under 2 CFR part 200, including 2 CFR 200.327, 200.328, 200.330, 200.331, and Department exceptions at 2 CFR part 2900, in order to:
 - (1) Determine that expenditures have been made against the proper cost categories and within the cost limitations specified in WIOA and the regulations in this part;
 - (2) Determine whether there is compliance with other provisions of WIOA and the WIOA regulations and other applicable laws and regulations;
 - (3) Assure compliance with 2 CFR part 200; and
 - (4) Determine compliance with the nondiscrimination, disability, and equal opportunity requirements of sec. 188 of WIOA, including the Assistive Technology Act of 1998 (29 U.S.C. 3003).

Additionally, per [20 CFR 679.370](#), the local board is required to perform a number of functions, one of which is to conduct oversight of adult, dislocated worker and youth workforce investment activities and of the entire One-Stop delivery system in the local area to ensure appropriate use of funds and the achievement of performance goals.

The failure of the Local WDB to monitor its service providers can be attributed in part to two things: a) lack of policies and procedures around monitoring and oversight and b) the WDB's lack of staff support. The Local WDB does not have a policy in place to ensure that monitoring is structured, comprehensive, and free from conflicts of interest. Additionally, the board has hired only a single staff person who performs basic administrative functions, such as recording meeting minutes. The board does not currently have the capacity to conduct the required regular oversight or annual on-site monitoring.

In the absence of local monitoring of service providers and sufficient policies to direct and support that monitoring, it is impossible for the Local WDB to know whether service provision is effective and compliant. Monitoring directed exclusively at participant file review fails to account for many aspects of service delivery and AJC functioning. Furthermore, allowing a service provider to monitor itself and function without oversight creates a significant conflict of interest, which ensures that any of the monitoring that is currently performed is at best ineffective.

Corrective Action: The State must ensure that the Local WDB establishes an oversight and monitoring system and conducts those functions per the requirements identified above. The State must provide to the Regional Office a copy of the Local WDB's monitoring policies and procedures and a monitoring schedule in its response to this report.

IWD Response: IWD has drafted comprehensive WIOA Oversight and Monitoring policies, which includes policies for Local Oversight and Monitoring. These policies will be presented at the next SWDB meeting for approval. Upon finalization of realignment, appointment of LWDBs in new local areas, and hiring of staff to the boards, IWD will conduct oversight and monitoring training for new local areas and their staff, including information on the development of local area monitoring policy. IWD will provide a copy of the requested Local WDB monitoring policies and procedures as soon as it is available. IWD will continue to communicate with and update DOL Region 5 regarding the resolution of this finding.

Attachments:

- WIOA Oversight and Monitoring Policies (Draft)

LWDA Response:

Region 9 has followed the direction provided by the State with regard to monitoring of both fiscal and program activities. Internal quarterly monitoring has been a long-standing policy in the region. It ensures that a sample of all files is being reviewed regularly to identify and remedy any issues related to payments or services. There is no issue with conflict of interest in monitoring internally as its purpose is not to penalize, but to ensure complete compliance with all policies and procedures, and quality services to participants. Service provider staff do not monitor their own files. IWD has provided on-going fiscal monitoring for the region, and the region has consistently had no fiscal findings. Monitoring by the board will require board staff that is knowledgeable and trained with

regard to Title I legislation, policies, and procedures. The boards are currently being trained in this regard by the State so that they will be able to comply with this requirement.

**Finding 8: Non-Compliant Memorandums of Understanding
– LWDA 9 and State**

(Indicator: 1.a.2 – Service Design)

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The Memorandums of Understanding (MOUs) between the Local WDB and the One-Stop partners are non-compliant as follows:

First, the MOUs do not describe how each partner will be engaged in LWDA 9’s AJCs. They do not include detail regarding how the partners’ career services will be made available in each AJC. A chart was included in the MOU showing check boxes for each partner indicating that they are present in the local area. However, it is not clear from the MOU how the partners’ services will be coordinated and delivered through the AJCs.

Second, the MOU does not include the One-Stop operating budget or the Infrastructure Funding Agreement. The MOU indicates in section 6 that these additional documents were to be included as an addendum, but they were not provided and do not appear to have been developed.

Finally, the MOU (p. 6, section 8) contains incorrect information regarding the design of the one-stop system in the local WDA. The MOU indicates that satellite AJCs are located at Scott County Community College, Lyon’s Branch Library, Clinton Community College, Clinton Community College Maquoketa Center and Maquoketa Library, the Helms Center/Goodwill, and

Muscatine Community College. However, the IWD website shows satellite AJCs only at Operation New View in Maquoketa, Lyons Branch Library, and Community Action of Eastern Iowa.

[20 CFR 678.500](#)(b) states, in relevant part, the MOU must include:

- (1) A description of services to be provided through the one-stop delivery system, including the manner in which the services will be coordinated and delivered through the system;
- (2) Agreement on funding the costs of the services and the operating costs of the system, including: (i) Funding of infrastructure costs of one-stop centers in accordance with §§ 678.700 through 678.755; and (ii) Funding of the shared services and operating costs of the one-stop delivery system described in § 678.760.

For a comprehensive center, the manner of service delivery must comply with [20 CFR 678.305](#), which states, in relevant part:

- (d) “Access” to each partner program and its services means: (1) Having a program staff member physically present at the one-stop center; (2) Having a staff member from a different partner program physically present at the one-stop center appropriately trained to provide information to customers about the programs, services, and activities available through partner programs; or (3) Making available a direct linkage through technology to program staff who can provide meaningful information or services.

Further, [20 CFR 678.300](#)(f) provides, “The design of the local area’s one-stop delivery system must be described in the MOU....”

Regarding the One-Stop operating budget and IFA requirements, Training and Employment Guidance Letter [17-16](#) states (p. 17):

Infrastructure Funding Agreements (IFA). The IFA contains the infrastructure costs budget, which is an integral component of the overall one-stop operating budget. The other component of the one-stop operating budget consists of additional costs, which include applicable career services, and may include shared operating costs and shared

services..... The overall one-stop operating budget must be included in the MOU. IFAs are a mandatory component of the local MOU, described in WIOA sec. 121(c) and 20 CFR 678.500 and 678.755, 34 CFR 361.500 and 361.755, and 34 CFR 463.500 and 463.755. Similar to MOUs, the Local WDB may negotiate an umbrella IFA or individual IFAs for one or more of its one-stop centers.

The primary cause for the non-compliant MOU is that the State's policy guidance on MOUs has not been issued yet, as the guidance is pending the potential realignment of Local WDAs. In the July 11, 2019 Field Information Memo 19-02, the State granted MOU extensions to all Local WDBs through June 30, 2020. Efforts to improve WIOA governance within the local areas are on hold due to the possibility of a statewide local area realignment.

In the absence of partner-specific service delivery information for each AJC, we are unable to determine how services are provided through the local one-stop system, and it remains unclear whether each partner is providing services in compliance with the above regulations.

Corrective Action: The State must issue policy guidance to the local system on MOU development, including the one-stop operating budget and its IFA component. The State must then ensure that the Local WDB executes MOU(s) with all required partners that include the required information cited above. In its response to this report, the State must submit to the Regional Office a copy of its timeline for issuance of its MOU policy and/or a copy of the issued policy. The State must also submit copies of finalized MOU(s) for all local WDAs, once they are completed. Issuance of the policy guidance and receipt of compliant MOUs for all local WDAs will, ultimately, resolve this Finding.

IWD Response: A key task of the WIOA System Transformation and Realignment project was the formation of the Iowa WIOA Core Partner Working Group. The Working Group is charged with collaborating to carry out the vision and strategy established by the Governor and the State Workforce Development Board by developing joint policy and an integrated approach for monitoring, program oversight/support and technical assistance for local service design and delivery. The attached email correspondence details the objectives and functions of the group, including a list of Core Partner agency members. The WIOA Core Partner Working Group is currently working to draft comprehensive MOU policy, including policy for the IFA, with an estimated completion date of April 30, 2020. The existing Realignment Framework estimates completion of MOUs/IFAs by December 31, 2020. This timeline may be affected by the currently pending appeal to the Secretary of Labor regarding the SWDB's decision concerning realignment in Iowa. IWD will continue to communicate with and update DOL Region 5 regarding the resolution of this finding.

Attachments:

- Email – Invitation to WIOA Core Partner Working Group
- System Transformation and Realignment Framework

LWDA response

Please see bold comments above. The Region is prepared to rectify this issue following guidance from the State, and determination of the IFA information to be included.

The MOU was developed from a template provided by IWD. Please see e-mail below and template provided.

Dowell, Debbie [IWD] <Debbie.Dowell@iwd.iowa.gov>

Mon, May 16,
2016, 9:04 PM

to Carla, Paula, aarthur@centraliowawib.com, Ron, Val, Jeff, cherylj@cfiowa.org, Barbara, Carolyn, Shawn, Jennifer, Linda, Chris, Jason, Marla, Christina, Scott, Sara, Jennifer, Fern, Christy, Robert, Arturo, Ronee, Jennifer, jodis@cfiowa.org, Todd, Teresa, Carlos, Elizabeth, Beth, Michael, aitken-shadleg@nicc.edu, tamaral@iwcc.edu, lily.bonilla@witcc.edu, sbreems-diekevers@nwicc.edu, ecampbell@scc Iowa.edu, harley1305@q.com, douglas.dorhout@witcc.edu, noel.gorden@indianhills.edu, dhelm@swcc Iowa.edu, hlcoon@dmacc.edu, sandra.jensen@hawkeyecollege.edu, marcel.kielkucki@kirkwood.edu, Leakesan@niacc.edu, jschneider@eicc.edu, lwashingt@iowalakes.edu, waynar@iowacentral.edu, jennifer.wilson@iavalley.edu, Monica, Eric, Steven, Suzanne, Jeanne, Michael, Denise, Lori, Holly, Leslie, Clark, Mary, Sally, Chad, Alex, Kenda, Benjamin, Marketa

Hello Everyone,

Final edits have been made to the MOU template (attached)... please work with your partners and board to approve and add to the template... partner services/responsibilities, Customer flow, referral process....Complete the MOU using the template, having your executive committee of your local board approve until the whole board meets in June. I will need your signature pages (indicating your region) and local signatures by June 16th in our efforts to get the state signatures. Thanks again for your continued support and help.

All my best,
Deb

Debbie Dowell, CWDP:MS
WIOA Project Manager
Iowa Workforce Development
1000 E. Grand Ave, Des Moines, IA
319.759.5918 (cell)

Attachments:

- Local MOU Template – Final 2016 draft

Finding 9: Lack of Consumer Choice of Eligible Training Provider – LWDA 9

(Indicator 1.e.7: Training Services)

[\[Back to Summary\]](#)

In a sample of 15 participant files reviewed, only two files contained documentation demonstrating that participants used the State’s Eligible Training Provider (ETP) List to make informed choices when selecting their training provider(s). Additionally, all 15 participants were enrolled at the Eastern Iowa Community College for training.

Per [20 CFR 680.340\(a\)](#), “Training services, whether under ITAs or under contract, must be provided in a manner that maximizes informed consumer choice in selecting an eligible provider” and that (b) “each Local WDB, through the one-stop center, must make available to

customers the State list of eligible training providers.”

The primary cause of this issue is a lack of policy/procedures and training for case managers regarding consumer choice in selecting an eligible training provider. In the absence of documentation in the participant files demonstrating participants and case managers used the ETP List to make informed training choices, it is difficult for staff to support the key WIOA principle of “informed consumer choice,” as well as to justify that the training selections were the most appropriate for the participants.

Corrective Action: The State and/or Local WDB must develop policies and procedures for the use of the ETP List for training selection. The State and/or Local WDB must provide training to the case managers on the policy and procedures. In order to resolve this Finding, the State must submit to the Regional Office a copy of the policies and procedures developed to address this issue, as well as a description of the training provided.

IWD Response: WIOA compliant ETPL policies were drafted by IWD and approved by the SWDB on September 20, 2019. These policies and procedures will become effective on November 15, 2019. Comprehensive training on the policies and accompanying procedures will be conducted via webinar from November 7 – 14, 2019.

Attachments:

- ETPL Policy
- Title I OST Consumer Choice Worksheet
- Consumer Choice Standard Operating Procedure (SOP)
- Training Webinar

LWDA Response:

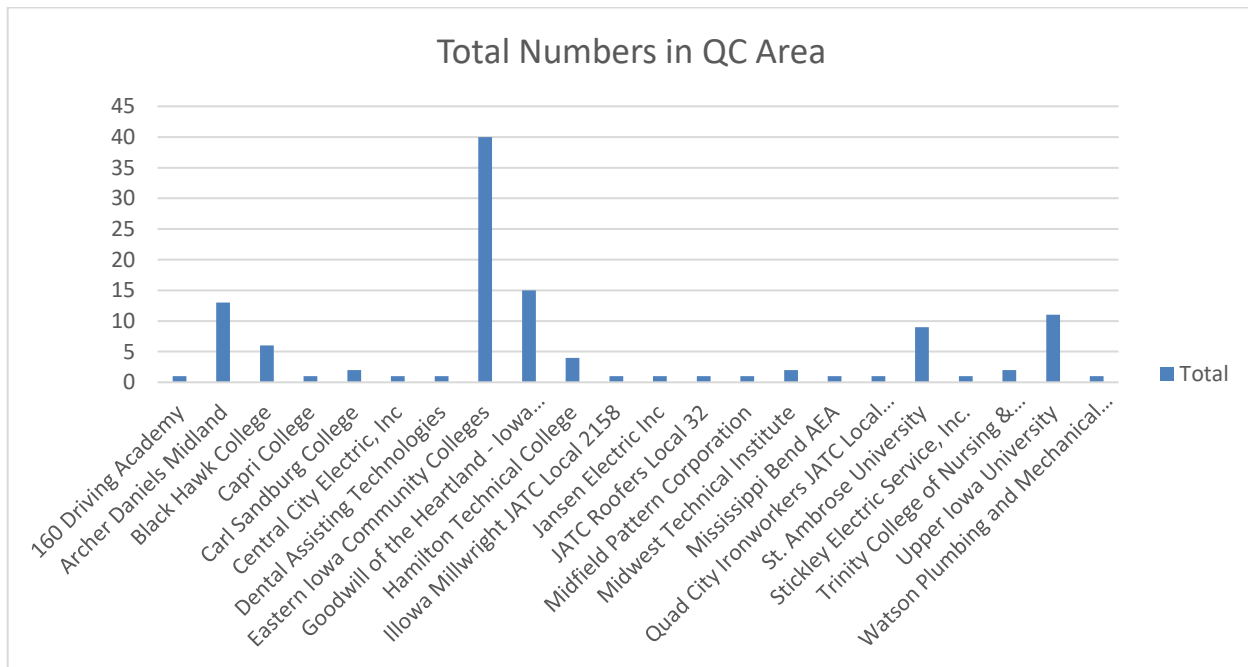
As is the case in many regions in Iowa, the community colleges are the largest provider of career and technical education. Region 9’s policy is to provide customers with access to the ETPL, and discuss all providers of the training they have selected. In the I-Works system, local policy was that this was documented in casenotes and/or on the appropriateness tab. The appropriateness tab did not transition from the I-Works system to the new IowaWORKS system, therefore this information would have been lost in transition for any individuals enrolled prior to June of 2019.

The Region 9 board has taken a very strong stand in ensuring that the providers on the ETPL are providing quality training at a reasonable cost. There have been times when board members have visited providers to learn about their programs and facilities. They have also visited with area employers to determine whether or not a training program would lead to employment. In some cases, when a more reasonably priced option for the same training was available at the community college, the board elected not to approve a new provider. The concern they have voiced was that they did not want participants to incur a large debt when they could accomplish the same level of training and credentials for a lower cost. Board minutes will indicate these conversations. Board minutes will also show that there have been times when there was a significant reason to add a new provider despite an increased cost. A great example of this would be 160 Driving Academy due to shorter program length, Dental Assisting Technologies that provides Saturday classes for individuals who

cannot attend classes during the week, or programs outside of our local area when they are closer or more feasible for the individuals being served. Region 9 currently has participants enrolled in training at the following ETPL institutions:

1. University of Iowa (Political Science),
2. Southeastern Community College (Nursing),
3. 160 Truck Driving (CDL),
4. Trinity College of Nursing (BSN),
5. Black Hawk College (Pre Nursing),
6. Midwest Tech (HVAC),
7. Dental Assisting Technologies (Dental Assisting),
8. Hamilton Tech (Medical Billing and Coding),
9. Carl Sandburg (Nursing),
10. Hamilton Tech (Medical Assisting),
11. Northcentral Technical College (Computer Support Specialist),
12. Augustana College (Accounting),
13. Western Illinois University (Mechanical Engineering), and
14. Hamilton Technical College (Medical Assisting).

The following chart shows the current number of programs on the ETPL for the region by training institution.



Clearly, based on the number of approved programs offering training in high demand areas, Eastern Iowa Community Colleges offers the largest number, and has had the largest number of programs approved in the new system. The process of having programs re-approved and entered into the new system has been an on-going challenge. Providers must complete a 12-page paper application, and once it is approved by the board, they must go into the system and enter the same information. Until both steps are complete, they are not an Eligible Training Provider. Region 9 has worked with many institutions that previously had approved programs to assist them with this process.

In the I-Works system, an appropriateness screen was used for each individual going into training. Region 9 would document use of the ETPL list and reasons for a customer's selection of a specific training program there and in casenotes. In the IowaWORKS system, the region had to develop an appropriateness document. The following guidance has been provided to staff with regard to the ETPL:

Region 9, in support of customer choice, will review the ETPL with all customers to determine the training provider that best meets his/her needs based on the type of training, location, delivery method, cost, size of institution, services provided, etc. Counselors will note this conversation in casenotes and in the appropriateness document to be reviewed by the lead counselor or manager.

Additional information can be found in the attachments.

Attachments:

- Actual Responses to Monitored Files Region 9 (excel)

AREAS OF CONCERN

Concern 1: Inadequate Individual Employment Plans – LWDA 9 (Indicator 1.e.5: Participant Service Plan)

[\[Back to Summary\]](#)

The Individual Employment Plans (IEPs) in a sample of 17 participant files reviewed were underdeveloped, lacking employment goals, objectives, and service strategies for participants. The IEPs in WDA 9 did not identify the specific skills each participant needed to learn in order to become proficient in their chosen employment path. Additionally, employment goals and objectives in relationship to a career pathway were not documented. While some IEPs identified the selected training program and documented the results of the assessments, the IEPs lacked the employment goals and the combination of services necessary for the participant to achieve these goals and the career pathway approach for the individuals to attain their career objectives. The IEPs merely listed the training, training provider and cost of the training and some IEPs simply identified the functions that anyone would need to perform in a career. None of the IEPs reviewed contained a complete service strategy which includes participant employment goals, objectives, career pathways and skills required for each participant to achieve their training and employment goals.

WIOA (sec. 134(c)(2)(A)(1)(xii)(II)) recommends that the One-Stop delivery system provide adults and dislocated workers “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” and the provision of information on career pathways to attain career objectives.”

The primary cause for the lack of IEP development is that the State has not provided technical assistance to the local providers to ensure that each participant IEP contains the employment goals, objectives and service strategies necessary to achieve training and employment goals. In the absence of a developed IEP, it is difficult to justify the costs of services provided to a participant, when the IEP does not fully explain the participant’s skill gaps as they relate to the employment goal.

Recommended Action: The State should consider working with the Local WDB to develop policies, procedures and training around developing a high quality IEP. The State is encouraged to also assess the need for technical assistance to the local providers to ensure a developed individual employment plan is provided for each participant that documents employment goals, achievement objectives and the appropriate combination of services to achieve the goals, and career pathways to attain career objectives.

IWD Response: The Workforce Services (WFS) Division, along with the American Job Center (AJC) Division developed comprehensive IEP training during August 2019. The conversion to a fully WIOA-compliant data management system in June 2019 allows for comprehensive IEPs for all participants, a capability that was limited in our previous data management system. Attached, please find the commination and training documents, including instructional video and desk aids, provided to all career planners (case managers) of WIOA Title I, Title III, and Trade. These resources provide staff comprehensive information and training for how to record goals, objectives and services to develop an effective IEP.

Attachments:

- Email – Training Materials for Creating an IEP
- Developing the IEP (Video Tutorial)
- Desk Aid-Creating the IEP (Co-Enrolled Participants)
- Desk Aid-Recording Services on the IEP (Co-Enrolled Participants)

LWDA Response:

IEP information from the I-Works system did not transition into the IowaWORKS system's IEP. Therefore, any participants who were enrolled prior to June 4 would have IEP's in the I-Works system, but may have limited information in the IowaWORKS system. This would be the case especially for individuals who are no longer current participants since the counselors would not be working with their data in the new system.

Additional information can be found in the attachments.

Attachments:

- Actual Responses to Monitored Files Region 9 (excel)

Concern 2: Follow-up Services and Other Documentation Not Properly Captured in Management Information System – LWDA 9
(Indicator 1.e.9: Follow-up Services)

[\[Back to Summary\]](#)

IowaWorks, the State's management information system (MIS), is not utilized fully to capture participant follow-up services and other eligibility documentation. There are specific sections

within IowaWorks to capture follow-up services that were provided and other eligibility documentation collected from participants; however, case managers were not using those sections. Further analysis into IowaWorks indicates that sometimes the case notes section was used to document any follow-up services provided. Follow-up services and eligibility/identification documentation are crucial pieces of information related to a participant and should be accurately documented in the IowaWorks system.

It is worth noting that IWD recently updated its MIS to IowaWorks in Spring 2019 and this might be the result of system conversion issues and a learning curve for the case managers on use of the new MIS.

Recommended Action: The State should consider working with its local boards to provide training to case managers on effective use of the new MIS. IWD may also wish to perform a system analysis, to ensure data from the previous MIS has successfully transferred over to IowaWorks.

IWD Response: Since the launch of the new data management system in June 2019, IWD has worked diligently with our vendor and with local area staff to provide comprehensive training on the IowaWORKS system, training that continues today. Transitioning to the new system has greatly improved Iowa's ability to track all required WIOA data elements, including a fundamental shift in the use and tracking of follow-up services. As we continue to work to understand the functionality of the new IowaWORKS system, we will continue to refine and improve the use and tracking of follow up services, including providing comprehensive training to career planners in the field.

LWDA Response

Region 9 is following guidance provided by the state with regard to follow-up. Please see the e-mail below:

Greenman, Wendy <wendy.greenman@iwd.iowa.gov>

Jul 10, 2019,
4:33 PM

to Lisa, Ron, Patti, Val, Melissa, Teresa, Rebecca, Chris, Beth, me, Carla, Jeffrey, Jodi, Contact, Alana, Kaylene, Ron, Jennifer, Courtney, Kelsey, Michelle, Kyle, Kristi, Lisa, Denise, Page, Michaela, Robert

Title I Directors,

The Follow-Up Form in IowaWORKS, which is displayed under the Follow-Up panel in the programs tab as shown below, only needs to be completed for those exiters who require supplemental wage data to be documented. Wage data post-exit will be ran for all exiters and will first be pulled from UI and WRIS wage records. Only those participants who do not have wages displaying in the UI or WRIS systems will need to have supplemental wage information documented in the Follow-Up Form. Documentation in the Follow-Up Form will never override data pulled for UI or WRIS.

In the coming months, you will be able to see in IowaWORKS if a participant has wages in a given quarter, however at this time the data is not in the system. This will not be available until closer to PIRL reporting. To reiterate, there is no need to complete the Follow-Up Form unless you know you need to document supplemental wage data for a specific participant. For additional information about Post-Exit Documentation, see policy 8.1.6.2 Post-Exit Documentation.

Per this e-mail, follow-up would only be seen in the follow-up screen IF the individual required supplemental wage data. Region 9 has followed this guidance, and therefore will have individuals who have exited who do not show follow-up data on the follow-up screens. It should also be noted that the IowaWORKS system will not allow partial data. The follow-up section is extensive, and all sections must have a response in order to utilize the screens. The State is working with the system provider to see if this can be addressed.

Additional information can be found in the attachments.

Attachments:

- Actual Responses to Monitored Files Region 9 (excel)

- End of Report -