

U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND TRAINING ADMINISTRATION



**ALLEGED VIOLATIONS OF WORKFORCE INVESTMENT ACT (WIA)
PROGRAM AND FEDERAL GUIDELINES AT ONE-STOP CENTER
OPERATED BY AFFILIATED COMPUTER SERVICES, INC. (ACS)**

**Date Issued: December 13, 2005
Report Number: 05-06-002-03-390**

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number: 05-06-002-03-390, to Emily Stover DeRocco, the Assistant Secretary for Employment and Training

WHY READ THE REPORT

The Workforce Investment Act (WIA) was enacted on July 1, 2000, to increase the employment, retention, skills, and earnings of its participants. One component of WIA is specifically designed to assist dislocated workers in finding replacement jobs or train these workers to qualify for jobs in new occupations. DOL provided funding to operate a WIA program in the State of Kansas through a grant to the Governor. Kansas is divided into five Local Workforce Investment Areas (LWIA).

Effective February 1, 2004, the Local Workforce Investment Board IV (LWIB) selected Affiliated Computer Services, Inc. (ACS) as the WIA program operator in Area IV. On December 9, 2004, a hotline complaint filed with the OIG alleged mismanagement of the Dislocated Worker Program and funds. Specifically, the allegations were: the complainant was improperly denied WIA program funds; the complainant's case file lacked documentation on training completed; WIA Dislocated Worker Program requirements and eligibility changed at each LWIB meeting attended by the complainant; the complainant's training requirements were inconsistent with WIA rules and regulations; the availability and amount of WIA needs-related funds were improperly restricted from the complainant; the complainant's training and educational assistance was delayed; incomplete or inaccurate information was given to the complainant; and the complainant was disapproved for training after completion of required job search activities.

December 2005

Alleged Violations of WIA Program and Federal Guidelines at One-Stop Center Operated by Affiliated Computer Services, Inc. (ACS)

WHY OIG DID THE AUDIT

OIG performed an audit to determine the validity of the complaint against ACS and its WIA program operation. To view the report, including the scope, methodology, and full grantee response, go to: <http://www.oig.dol.gov/public/reports/oa/2005/05-06-002-03-390.pdf>

WHAT OIG FOUND

The OIG found the alleged mismanagement of the WIA Dislocated Worker Program and funds was unsupported.

The complainant made her initial visit to the One-Stop Center on June 17, 2004, seeking assistance. The complainant could not participate in the program of training services because she did not provide all required information for her enrollment. On November 4, 2004, ACS restarted her eligibility determination and ultimately provided educational assistance. The complainant is attending Butler County Community college and will transfer to Wichita State University for a Degree in Computer Science.

The LWIB IV WIA program policy was consistent with the WIA Act and regulations. WIA, Section 117 authorizes the LWIB to set policy for the workforce investment system within the local area. The LWIB decided and adopted a policy to give priority for training services for adult participants to recipients of public assistance and other individuals with low income in accordance with WIA, Section 134(d)(4)(E). The Act requires income verification.

WHAT OIG RECOMMENDED

After examining the available information, we concluded the allegations were not supported. Consequently, we make no recommendations.

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Executive Summary

We completed an audit of the alleged violations of the Workforce Investment Act (WIA) program and Federal guidelines at the One-Stop Center operated in Wichita, KS, by State and Local Solutions, a subsidiary of Affiliated Computer Services, Inc. (ACS). Our audit was conducted in response to a hotline complaint alleging mismanagement of the WIA program and Federal guidelines.

Our objective was to determine the merits of the eight allegations.

Results

We found that none of the individual allegations were supported, as summarized below:

1. The complainant alleged that she was improperly denied access to WIA training because ACS had exhausted available program funds on participants not intended to be served. We determined that program funds were available at the time of complainant's application, but that she was not initially enrolled because she failed to provide all requested income verification documentation. She was, however, later enrolled in training.
2. The complainant alleged that her training was not documented in the case file. Our review of the complainant's case file notes indicated that the complainant's training was noted in the case file.
3. The complainant alleged that eligibility requirements for WIA's Dislocated Worker Program (DWP) changed with each Local Workforce Investment Board (LWIB) meeting. Our review of the LWIB meeting minutes from February 27, 2004, through February 28, 2005, found no evidence of changes in the WIA program requirements and eligibility.
4. The complainant alleged that the LWIB's requirement that she attend job search activities were inconsistent with WIA rules and regulations. We determined that WIA regulations did permit ACS to require participants to attend job search activities.
5. The complainant alleged that ACS improperly denied her August 19, 2004, request for needs-related payments to assist her in buying fuel for her car. To be eligible, to receive needs-related payments, the adult must be (a) unemployed, (b) not qualify or have ceased qualifying for unemployment compensation, and (c) be enrolled in a program of training services under WIA, Section 134(d)(4). While the complainant met the first two program eligibility criteria, she did not meet the third since she was not yet enrolled in a program for training.

6. The complainant alleged that her training and educational assistance were improperly delayed. We concluded that the determination to provide the complainant's training and educational services was delayed because the complainant did not timely provide information on her Unemployment Insurance determination and past and present wages.
7. The complainant alleged that she had been provided with incomplete and inaccurate information about program requirements and time frames. We found no evidence to support her assertion.
8. The complainant alleged that ACS did not approve funding for her training and educational services even after she successfully completed the required job search activities. We determined that ACS did approve funding for the complainant to receive training and educational services.

Recommendations

We determined that allegations 1-8 are unsubstantiated. Consequently, we make no recommendations.

Grantee Response

The Kansas Department of Commerce agreed with the audit results. The audit substantiated the State's initial monitoring review and determination that none of the allegations were supported.

OIG Conclusion

After examining the available information, we concluded the allegations were unsubstantiated. Consequently, no action is required since we make no recommendations.

U. S. Department of Labor

Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Ms. Emily Stover DeRocco
Assistant Secretary
for Employment and Training Administration

The Office of Inspector General (OIG) audited a complaint received through the OIG Compliant Analysis Office against Affiliated Computer Services, Inc. (ACS). ACS operates the Workforce Investment Act (WIA) program in Local Workforce Investment Area (LWIA) IV in the State of Kansas. The complaint alleged mismanagement of the WIA program and funds. Specifically, the allegations were:

1. Was the complainant improperly denied WIA program funds?
2. Did the complainant's case file lack documentation on training completed?
3. Did WIA Dislocated Worker Program (DWP) requirements and eligibility change at each Local Workforce Investment Board (LWIB) meeting attended by the complainant?
4. Were the complainant's training requirements inconsistent with WIA rules and regulations?
5. Was the availability and amount of WIA needs-related funds improperly restricted from the complainant?
6. Was the complainant's training and educational assistance delayed?
7. Was incomplete or inaccurate information given to the complainant?
8. Was the complainant disapproved for training after completion of required job search activities?

After examining the available information, we concluded all of the allegations were unsubstantiated. Consequently, we make no recommendations. We conducted the

audit in accordance with Government Auditing Standards. Our audit scope, methodology, and criteria are detailed in Appendix B.

Objective 1. Was the complainant improperly denied WIA program funds?

Results and Findings

No. Our audit of the training service provided to the complainant did not substantiate the allegation.

The complainant alleged that she was improperly denied access to WIA training because ACS had exhausted available program funds on ineligible participants. We determined that program funding was available at the time of the complainant's application. She was initially denied program participation because she failed to provide all requested income verification documentation. Therefore, we concluded that this allegation was not supported.

LWIB IV had sufficient funds to serve adult and dislocated workers. Based on the budget documentation provided by ETA and the FY 2004 Grant Recap documentation provided by ACS, WIA training funds allocated to LWIB IV were not exhausted during fiscal years (FY) 2003 or 2004. In program year (PY) 2004, the WIA LWIB IV balance for the Dislocated Worker Program was \$828,514 on June 30, 2004, \$790,733 on July 31, 2004, and \$773,721 on August 31, 2004.

The LWIB's Adult and Dislocated Workers Participant Eligibility Requirements policy provided, "Priority for training services for adult participants will be given to recipients of public assistance and other individuals with low-income in accordance with WIA Section 134(d)(4)(E)." To determine an applicant's priority for program participation, the LWIB's policy required verification of an applicant's income for a 6-month period prior to program enrollment. Information in the complainant's case file indicated she applied for program assistance on June 17, 2004, but was initially denied enrollment due to her failure to submit all requested income verification information. On November 4, 2004, ACS re-started her eligibility determination and ultimately provided educational assistance. The complainant was not denied program assistance due to lack of available funds, but rather because of her failure to provide income verification documentation. This allegation was unsubstantiated.

Objective 2. Did the complainant's case file lack documentation on training completed?

Results and Findings

No. Our audit of the complainant's case file did not support the allegation.

Our review of the complainant's case file notes indicated that the complainant received Core and Intensive Services, which included training. ACS has recently begun using a new form to clearly document participants' training and services. We concluded this allegation was unsubstantiated.

Objective 3. Did WIA Dislocated Worker Program (DWP) requirements and eligibility change at each Local Workforce Investment Board (LWIB) meeting attended by the complainant?

Results and Findings:

No. Our audit of the Board meeting minutes did not substantiate the allegation.

The complainant alleged that the WIA Program requirements and eligibility changed with each LWIB meeting. We reviewed the LWIB meeting minutes from February 27, 2004, through February 28, 2005, and found no evidence that changes in the WIA Program requirements and eligibility were made during these meetings. Therefore, we concluded this allegation was unsubstantiated.

Objective 4. Were the complainant's training requirements inconsistent with WIA rules and regulations?

Results and Findings

No. Our audit of the complainant's job search requirements did not support the allegation.

The complainant alleged that she was required by ACS to attend job search activities everyday for 2 weeks or more before receiving training services, even though WIA regulations did not contain such a requirement. We determined that WIA regulations did permit ACS to require participants to attend job search activities. Therefore, we concluded that this allegation was not supported.

WIA Section 134(d)(3) states "at a minimum, an individual must receive at least one core service, such as an initial assessment or job search and placement assistance, before receiving intensive services. . . . The job search and placement assistance helps the individual determine whether he or she is unable to obtain employment, and thus requires more intensive services to obtain employment. The decision of which core services to provide and the timing of their delivery, may be made on a case by case basis at the local level depending upon the needs of the participant."

ACS was within its authority under WIA regulations in requiring the complainant to attend job search activities before receiving educational services. This allegation was unsubstantiated.

Objective 5. Was the availability and amount of WIA needs-related funds improperly restricted from the complainant?

Results and Findings

No. Our audit did not support the allegation.

The complainant alleged that ACS improperly denied her request for needs-related payments. We determined that ACS denied the complainant's request for emergency assistance because she did not meet all eligibility requirements. We noted that the previous LWIB IV program operator inappropriately gave needs-related payments to participants. We concluded that this allegation was unsubstantiated.

Needs-related payments are one of the supportive services authorized by WIA Section 134(e)(3). They provide financial assistance to participants for the purpose of enabling individuals to participate in training. To be eligible to receive needs related payments, adults must be (a) unemployed, (b) not qualify or have ceased qualifying for unemployment compensation, and (c) be enrolled in a program of training services under WIA Section 134(d)(4).

On August 19, 2004, the complainant requested a needs-related payment to assist in buying fuel for her car. ACS instructed the complainant to provide documentation to support her eligibility and subsequently determined that while the complainant met the first two programs' eligibility criteria, she did not meet the third since she was not yet enrolled in a program of training services. Therefore, ACS denied her request for a needs-related payment.

According to the LWIB, the previous LWIB IV program provider (City of Wichita) had inappropriately provided WIA needs-related payments to participants on an at will basis rather than on a needs-related basis. The LWIB trained personnel at ACS on WIA responsibilities and customer service to ensure that WIA needs-related payments were used efficiently and effectively. The complainant was denied WIA needs-related payments based on lack of eligibility. This allegation was unsubstantiated.

Objective 6. Was the complainant's training and educational assistance delayed?

Results and Findings

No. We found no evidence to support the alleged delays in providing training and educational assistance.

The complainant alleged that she did not receive timely assistance with training and educational services. However, this determination was delayed because the complainant did not timely provide required documentation relating to unemployment insurance determination, past and present wages, and financial assessment information to determine if there was a need for training. As a result, ACS could not determine the complainant's eligibility status and denied funding for educational services. When the complainant was re-enrolled in November 2004, it was too late to enroll in educational classes for the 2004 fall semester. The complainant did ultimately receive funding for educational services and enrolled in classes in January 2005.

The complainant did not receive more timely training and educational assistance because she did not timely provide documentation to support her eligibility status. This allegation was unsubstantiated.

Objective 7. Was incomplete or inaccurate information given to the complainant?

Results and Findings

No. Our audit of information provided to the complainant did not support the allegation.

The complainant alleged that she received incomplete or inaccurate information regarding paperwork requirements and the deadline. We found no evidence that the complainant had been provided with incorrect information regarding program requirements or timeframes. Therefore, we concluded that this allegation was not supported.

We reviewed the complainant's case file and interviewed ACS's Case Manager and LWIB officials. The case file contained the expected documentation for the Core Services and Intensive Services provided. The Case Manager and other officials stated that the complainant had been fully and timely informed of the program requirements and deadlines.

The complainant provided only verbal testimony that she had been misinformed about the program requirements and timeframes. We found no other evidence to support her assertion. This allegation was unsubstantiated.

Objective 8. Was the complainant disapproved for training after completion of required job search activities?

Results and Findings

No. Our audit of the approval of training funds failed to support the allegation.

The complainant alleged that ACS did not approve funding for her to receive training and educational services even after she successfully completed the required job search activities. We determined that ACS did approve funding for the complainant to receive educational services. Therefore, this allegation was not supported.

Although the complainant had still not provided all of the required documentation to support her eligibility for priority services, in January 2005, ACS authorized funding for the complainant to receive training and educational assistance. The complainant has been attending Butler County Community College since January 2005, and planned to transfer to Wichita State University to complete a Bachelor's Degree in Computer Science. The complainant did receive training and educational assistance. This allegation was unsubstantiated.

Since all of the allegations were unsubstantiated, we make no recommendations.

Grantee's Response

The Kansas Department of Commerce agreed with the audit results. The audit substantiated the State's initial monitoring review and determination that none of the allegations were supported.

OIG Conclusion

After examining the available information, we concluded the allegations were unsubstantiated. Consequently, no action is required since we make no recommendations.



Elliot P. Lewis
May 18, 2005

Appendices

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APPENDIX A

BACKGROUND

The Workforce Investment Act (WIA), which was effective on July 1, 2000, was designed to reform the Federal job training system. WIA's primary purpose is to increase the employment, retention, skills, and earnings of its participants. One component of WIA is specifically designed to assist dislocated workers to find replacement jobs or train these workers to qualify for jobs in new occupations.

DOL provided funding to operate a WIA program in the State of Kansas through a grant to the Governor. The Kansas Department of Commerce (KDOC) is the state agency responsible for administering the WIA program. Kansas is divided into five Local Workforce Investment Areas (LWIAs). In each LWIA, the Chief Elected Official appoints members to the Local Workforce Investment Board (LWIB). In turn, the LWIB selects and contracts with an organization to operate the WIA program in its LWIA.

Effective January 1, 2004, the LWIB selected Affiliated Computer Services (ACS) to operate the WIA program in LWIA IV. The WIA operating budget for LWIA IV was \$16.5 million for Program Year (PY) 2003 (July 1, 2003 – June 30, 2004) and \$20 million for PY 2004 (July 1, 2004 – June 30, 2005). Of these totals, \$5.8 million and \$7.2 million were budgeted for the Dislocated Workers Program in PY 2003 and 2004, respectively.

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APPENDIX B

OBJECTIVE, SCOPE, METHODOLOGY, AND CRITERIA

Objective

Our objective was to determine the merits of eight allegations received through the Office of Inspector General (OIG), Complaint Analysis Office against Affiliated Computer Services, Inc. (ACS). ACS operates the Workforce Investment Act (WIA) program in Local Workforce Investment Area (LWIA) IV in the State of Kansas. The complaint alleged mismanagement of the WIA program and funds. Specifically, the allegations were:

1. Was the complainant improperly denied WIA program funds?
2. Did the complainant's case file lack documentation on training completed?
3. Did WIA Dislocated Worker Program (DWP) requirements and eligibility change at each Local Workforce Investment Board (LWIB) meeting attended by the complainant?
4. Were the complainant's training requirements inconsistent with WIA rules and regulations?
5. Was the availability and amount of WIA needs-related funds improperly restricted from the complainant?
6. Was the complainant's training and educational assistance delayed?
7. Was incomplete or inaccurate information given to the complainant?
8. Was the complainant disapproved for training after completion of required job search activities?

Scope and Methodology

To determine the merits of the subject allegations, we interviewed the complainant and officials at the KDOC, ACS, and the LWIB who are responsible for the administration of the WIA Program for LWIA IV in Kansas. We reviewed the LWIB's and ACS' Adult and Dislocated Workers Participant Eligibility Requirements and three complaint case files. We reviewed all of the complaints to determine if they were related to our audit objectives. This represented total complaints filed by participants.

We obtained the WIA budgetary information for FYs 2003 and 2004, and PYs 2003 and 2004, from the Employment and Training Administration (ETA) and the ACS Grant. Also, we obtained Recap documentation for FY 2004 from ACS, and the State Set Aside Fund information for FY 2003 from KDOC.

We did not test the overall internal controls of the WIA program, or perform a complete audit of the WIA program. We only performed the necessary fieldwork and tested controls to address the allegations. However, we noted the LWIB conducted a monitoring review of the WIA Program in October 2004. The LWIB's monitoring reports addressed deficiencies in documenting Core Service and decision points in the case management file. The LWIB's monitoring reports did not identify any issues relevant to the complainant's allegations against ACS.

Criteria

We used the following criteria to perform this audit:

Workforce Investment Act, CFR 20 Parts 652 and Part 652 through 671 Final Rule, and Wagner-Peyser Act
Federal Register Vol. 65, No.158 August 11, 2000, Rules and Regulations
Workforce Alliance of South Central Kansas Program Policies and Procedures Manual -Training Service Policy
Workforce Alliance Dislocated Worker Eligibility Requirements
WIA Local Service Delivery Area IV-Monitoring Policy and Procedures

APPENDIX C

ACRONYMS AND ABBREVIATIONS

ACS	Affiliated Computer Services, Inc.
DWP	Dislocated Worker Program
ETA	Employment and Training Administration
KDOC	Kansas Department of Commerce
LWIA	Local Workforce Investment Area
LWIB	Local Workforce Investment Board
OIG	Office of Inspector General
WIA	Workforce Investment Act

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GRANTEE'S RESPONSE TO DRAFT REPORT



DEPARTMENT OF COMMERCE
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

November 23, 2005

Charles M. Allberry
Regional Inspector General for Audit
Office of Inspector General
230 south Dearborn Street
Chicago, Illinois 60604

Dear Mr. Allberry:

Thank you for your correspondence of November 15, 2005, related to the Office of Inspector General's (OIG) review of allegations pertaining to the One-Stop Center, operated by Affiliated Computer Services, Inc., in Local Workforce Investment Area IV (Wichita, KS). The Kansas Department of Commerce was pleased to note the OIG's audit draft substantiates the State's initial monitoring review and determination that none of the allegations were supported.

As the State Manager for the unit (Workforce Compliance and Oversight) specifically charged with reviewing the Workforce Investment Act (WIA) for program compliance, I was additionally pleased to note the allegations were brought to the OIG's attention in response to a hotline complaint. Several years ago I inquired with OIG's national office on the possibility of receiving hotline posters for placement in all of our offices. As we could find nothing available, we developed an appropriate poster (see attachment) and mandated it be prominently displayed in all state offices where employment and training services are provided. It is gratifying to know individuals are actively utilizing this venue to address their concerns.

In closing, the Kansas Department of Commerce welcomes the opportunity to work with you and your staff on any additional issues of mutual concern.

Sincerely,

John Bowes, Manager
Workforce Compliance and Oversight

attachment

cc: Steve Kelly
Robert North

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