

**Workforce Investment Act
Performance Outcomes Reporting Oversight**



**Office of Inspector General
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ABBREVIATIONS

CFR	Code of Federal Regulations
DOL	Department of Labor
ETA	Employment and Training Administration
FM	Field Memorandum
FY	Fiscal Year
GAO	General Accounting Office
GPRA	Government Performance and Results Act
LWIB	Local Workforce Investment Board
MIS	Management Information System
OIG	Office of Inspector General
OTIS	Office of Technical and Information Systems
PL	Public Law
PY	Program Year
TEGL	Training and Employment Guidance Letter
WIA	Workforce Investment Act
WIASRD	Workforce Investment Act Standardized Record Data

EXECUTIVE SUMMARY

The Government Performance and Results Act (GPRA) requires that each Federal agency prepare an annual performance plan, including specific performance indicators that can be verified and validated. The Workforce Investment Act (WIA) and implementing regulations require the states to submit annual progress reports addressing adult, youth, and dislocated worker programs' performance measures that can be validated and verified as accurate, and gives the states monitoring and oversight responsibility for this performance information.

Because of insufficient local, state, and Federal oversight, the Employment and Training Administration (ETA) has little assurance that the state-reported WIA performance outcomes data are either accurate or verifiable. Without validating 100 percent the data to assure that the measures (and underlying data used to compute these measures) are accurate, states should use a statistically valid sampling method for validating reported data. A scientific statistical approach to data validation would provide consistent definitions of key program terms and documentation guidelines.

The Office of Inspector General (OIG) conducted a performance audit to determine what oversight and monitoring procedures were in place to ensure that state-reported WIA performance data were accurate and supportable. Our audit covered procedures at the ETA national and regional offices, 4 states (Colorado, Louisiana, Kentucky, and California), and 12 Local Workforce Investment Boards (LWIB)/One Stop Centers¹ to determine the extent of performance data monitoring at each program level.

Our audit of WIA performance data oversight at the local, state, and Federal levels disclosed the following:

- **Local level**

Although 4 of the 12 One Stops monitored their contractors, none of the 12 One Stops had adequately documented procedures for validation of participant performance data. Sufficient procedures would include policies addressing data validation, monitoring guidelines, and a statistically valid approach to correcting management information system (MIS) data for the reporting system as a whole.

¹ We visited three One Stops for each of the four states we visited.

- **State Level**

Two of the four states had not monitored performance data at the One Stop case file level. Additionally, none of the four states had sufficient procedures to assure the accuracy of their reported performance data. Using scientific sampling and statistical estimation would provide the states a basis for assuring the accuracy of the reported performance data.

- **Federal Level**

ETA has limited its monitoring procedures over WIA performance outcomes data to desk reviews and computer edit checks to determine the reasonableness of the data reported. ETA did not have plans to implement a formal monitoring process at the Federal level. ETA has issued field memoranda and guidance letters to the states as instruction on monitoring and validating the performance data, indicating the states' responsibilities for ensuring the integrity of their reported performance data. However, as of the end of our onsite fieldwork, the regional ETA staff had not reviewed any of the states' monitoring policies and procedures that might have been in place to ensure the integrity of the reported performance data. However, ETA recognizes that additional steps are needed to assure the reliability of WIA performance outcomes data. Development of a comprehensive data validation and verification system has been funded through a contract with Mathematica Policy Research, Inc.

We recommend the Assistant Secretary for Employment and Training:

- Continue ETA's current efforts to establish a standardized, statistical method for WIA performance data validation and require the states to either use this method or have an equivalent, documented method in place to ensure data integrity.
- Provide the states with consistent definitions and documentation guidelines to ensure that all states are reporting consistent data.
- Have the regional ETA representatives:
 - require the states to include data validation in their monitoring policies/programs;
 - require the states to establish minimum documentation standards to support the activities and outcomes reported; and
 - require the states to independently calculate the reported performance measures as part of their performance monitoring.

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ETA's Response to the Draft Report

ETA agreed with our conclusions and responded that they are well on their way to developing an effective strategy for validating and verifying performance outcomes data. ETA has been developing a systematic approach to data validation and verification that includes the framework for a standardized and statistical method for WIA performance data validation and anticipates announcing their data validation policy by December of this year. ETA did not respond directly to the recommendations in our report because they believe the substance of the recommendations in our report falls within the framework of ETA's data validation project and their current plan for deployment and execution.

OIG's Conclusion

As long as ETA's statistical approach to data validation and implementing policy address our specific recommendations, we agree with ETA's approach to rectify this issue. However, ETA's response does not indicate whether this data validation process will be mandatory for all states or voluntary. If some states voluntarily validate performance data and others do not, ETA still will not have assurance that national performance data are accurate.

Based on ETA's planned actions, all recommendations in this report are resolved. To close these recommendations, ETA needs to provide us with evidence that the planned validation system and policy guidance have been implemented.

BACKGROUND

Origin and Purpose of the Workforce Investment Act Performance Reporting

The Government Performance and Results Act (GPRA) requires that each Federal agency prepare an annual performance plan, including specific performance indicators that can be verified and validated. The Department of Labor prepares an Annual Report on Performance and Accountability each fiscal year to comply with this requirement.

The Workforce Investment Act (WIA) establishes a comprehensive performance accountability system, comprised of indicators of performance for each major program component (adult, dislocated worker, and youth). The WIA and implementing regulations also:

- require that states submit an annual progress report on the performance measures required for each of the three programs under Title 1, Subpart B (youth, adult, and dislocated worker programs) that can be validated and verified as accurate, and
- give ETA and the states monitoring and oversight responsibility for this performance information.

ETA's guiding principle states: *We will be faithful to the American taxpayer and support programs that are outcome-focused and results-oriented.* With the emphasis on performance reporting in the WIA program, performance data must accurately portray program accomplishments.

Principal Criteria:

The following authorities deal with the accuracy and supportability of reported performance data:

- GPRA Section 1115(a)(6) requires that the performance plans “describe the means to be used to verify and validate measured values.”
- WIA Chapter 6, Section 136(d)(1) requires that states submit an annual report showing the states' progress on their required WIA core and customer satisfaction performance measures and any additional information about the states' programs.
- 20 CFR 667.300(a) requires that: “All States and other direct grant recipients must report . . . participant, and performance data in accordance with instructions issued by DOL.”

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- 20 CFR 667.300(e)(2): “States submitting annual performance progress reports **that cannot be validated or verified** as accurately counting and reporting activities in accordance with the reporting instructions, may be treated as failing to submit annual reports, and be subject to sanction. . . .” [Emphasis added.]
- 20 CFR 667.400(a): “The Secretary is authorized to monitor all recipients and subrecipients of all grants awarded and funds expended under WIA title I **to determine compliance** with the Act and these regulations. . . . Federal oversight will be conducted primarily at the **recipient level.**” [Emphasis added.]
- 20 CFR 667.400(b): “In each fiscal year, we will also conduct in-depth **reviews** in several States, including . . . **performance** audits, to assure that funds are spent in accordance with the Act. Priority for such in-depth reviews will be given to States not meeting annual adjusted levels of performance.” [Emphasis added.]

OBJECTIVE, SCOPE, AND METHODOLOGY

Audit Objective:

Our audit objective was to answer the following questions:

- Do the Local Workforce Investment Boards/One Stop Centers verify/validate their performance data? If so, how is this data being verified/validated?
- Are the states monitoring the performance information from the Local Workforce Investment Boards/One Stop Centers used to compile their annual performance reports?
- How is ETA ensuring the states' WIA performance information used in the states' annual performance reports is accurate and verifiable?

Our intent was to determine what systems were in place at the local, state, and regional levels to ensure the accuracy of the performance data reported. We understand this audit is being conducted early in the program's history (the formal performance reporting package was not approved until March 2001 - 9 months into the program). However, performance data has been reported since inception of the program (state quarterly reports for performance data as of January 2001 and state annual reports due December 2001 included performance data starting July 1, 2000 – inception of the program). The Act and regulations require the reported data to be accurate and verifiable.

Audit Scope and Methodology:

Our audit period covered July 1, 2000² (inception of WIA), through October 26, 2001 (completion of onsite fieldwork), with periodic follow-up of selected issues with ETA prior to issuing this draft report.

At the national ETA level:

- We interviewed members of ETA's WIA performance management team to gain an understanding of the national level monitoring and/or data validation procedures.
- We reviewed ETA's guidance detailing monitoring responsibilities and/or required procedures to ensure the data integrity.

² Kentucky implemented its WIA's program early on July 1, 1999. Therefore, our audit coverage in Kentucky also included the period July 1, 1999, through June 30, 2000.

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At the regional/state/local level:

- We judgmentally selected a sample of four states (California, Colorado, Kentucky, and Louisiana) to determine the extent of the monitoring being performed:
 - We interviewed ETA regional representatives for the four states to determine what regional monitoring and/or data validation procedures were being performed.
 - We interviewed state WIA program and management information system (MIS) staff to determine the extent of their monitoring efforts and policy guidance regarding performance data.
 - For each state, we visited three One Stops to determine what procedures were being performed locally to ensure the performance data were accurate and consistent.

After completing the fieldwork in each state, we issued Statements of Fact to each state, including the work performed at the One Stops. The states' comments were considered in preparing this report.

Sufficient work was performed on the management controls to gain an understanding of the WIA performance reporting process. Our scope did not encompass examining the adequacy of the management controls.

Our performance audit was performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

AUDIT RESULTS

ETA has little assurance that the state-reported Workforce Investment Act performance outcomes data are either accurate or verifiable.

In the Fiscal Year (FY) 2001 annual report, “Report on Performance and Accountability,” the Secretary stated:

The performance . . . data presented in this report is fundamentally complete and reliable as outlined in the guidance available from the Office of Management and Budget. While we have identified no material inadequacies, this report describes our continuing efforts to strengthen the quality . . . of the Department’s performance information. . . . (Page vii)

The challenges to performance measurement vary significantly among DOL’s programs, with the **data sources and the agencies’ level of control over the reporting systems representing the primary factors influencing the reliability and usefulness of the Department’s performance information.** [Emphasis added.] (Page 5)

The data used to determine the WIA program’s performance outcomes are initiated at the Local Workforce Investment Board (LWIB)/One Stop level and then summarized at the state level. ETA relies on the states’ annual performance reports to compile the WIA program’s national performance outcomes. The reliability of this performance information is dependent on data integrity at all three levels of government.

While the Secretary (quoted above) indicates that the Employment and Training Administration is developing a verification and validation process to assist the states to ensure the accuracy of performance data, it will be sometime before this system is operational on a national basis for WIA data validation. Furthermore, states use of this system, at least presently, will be voluntary.

During our audit period, performance data oversight was insufficient at the local, state, and Federal levels of WIA administration.

A. Local level: None of the 12 One Stops had adequately documented procedures for validation of participant performance data.

Of the 12 One Stops we visited:

- Six One Stops had written monitoring policies that contained only minimal data validation procedures. In addition, only two of the six performed any performance data monitoring.
- Two One Stops used a monitoring schedule and guide to monitor their programs, but did not have formal written policies. The monitoring guides contained minimal procedures to validate data.
- Four other One Stops did not have written monitoring policies and did not perform formal monitoring; however, they did perform some informal monitoring; i.e., they ran routine error reports and case managers checked exceptions, or supervisors performed informal routine case file reviews.

Some One Stops indicated that they also relied on the states' annual financial and performance monitoring to verify the accuracy and supportability of the participant data. However, the initial quality control review should be done at the local level. Additionally, state monitoring has been limited. (See findings B and C.)

The current formal and informal monitoring being conducted will not ensure the validity of reported participant performance outcomes.

For a monitoring policy to ensure that the data entered into the management information system is accurate and supportable:

- The policy should have a statistically valid approach to data validation for reporting as a whole.
- The One Stops must clearly specify documentation requirements to support activities and outcomes reported and define key program terms. Furthermore, these requirements and definitions must be consistently applied.

Statistical approach to data validation:

Although 3 of the 12 sites had case file reviews as part of their monitoring procedures, the amount of MIS data validation was minimal, and in no cases did the monitoring report require the staff to change any MIS data. The majority of the monitoring report findings were documentation issues; e.g., incomplete participant applications, assessments, or case notes. The small amount of monitoring being done at the local level did not employ a statistical approach to data validation. Such an approach would identify tolerable error limits and require the specific verification of key program activities or outcomes to determine the extent of any over- or understatement of performance data.

Documentation requirements:

Regarding local guidance to help support the monitoring efforts, only 2 of the 12 One Stops -- both from the same state -- had written policies outlining the documentation requirements to support reported participant activities and outcomes. Most One Stops used the general documentation guidelines from ETA's TEGL 7-99, which do not address all documentation requirements at the case file level.

Definitions of key program terms:

Only 3 of the 12 One Stops (all from the same state) had formal local policies and procedures clarifying program definitions. However, none of these three One Stops clarified "credential," and only one further clarified "staff-assisted services" to address the current local government discretion in defining participants.

TEGL 7-99 is ETA's main guidance for providing documentation requirements and program definitions used to collect data that is the basis for reporting program outcomes for the 17 WIA performance measures. Attainment of a recognized credential, as defined in the guidance, adds flexibility for states and LWIBs to further identify attainment of skills particular to their local area. From a data validation standpoint, additional problems are caused because this open-ended definition leads to inconsistent use of this term and, as a result, any measures that include credential attainment have the potential for a wide variety of meanings.

TEGL 7-99 also states "an individual must receive a WIA funded staff-assisted core, intensive, or training service to trigger registration and include the person in the core measure." GAO's February 2002 report titled Workforce Investment Act – Improvements Needed in Performance Measures to Provide a More Accurate Picture of WIA's Effectiveness, highlights this issue. GAO stated that although ETA's guidance provides examples of when to register adult job seekers (all youth who receive WIA-funded services are required to be registered), it also sometimes requires staff to make subtle and subjective distinctions. As a result, the state can decide what constitutes significant staff assistance which has the capability of manipulating

which adults may be counted in the performance measures and when they are included. For example, GAO found that two local areas in the same state were registering job seekers at different points in time – one registered most clients (even with minimal staff assistance) and another local area only registered those clients who required significant staff assistance and were likely to benefit from intensive services. Consequently, it is imperative that a consistent definition of “participant” is used to ensure comparability of all adult performance measures and maintain the integrity of the performance measurement process.

Without clear documentation requirements and definitions of key program terms, the validity and supportability of the data entered into the MIS (which are transmitted to the states for compilation of the statewide performance measures) are questionable. This lack of consistent terms and supporting documentation requirements, as well as the lack of a formal process to validate the initial data entered into the MIS at the One Stop level, results in a lack of assurance that the participant activity and performance data are accurate and supportable at the data source.

B. State level: Two of four states had not monitored performance data at the One Stop case file level.

All four states had some type of formal monitoring policy issued by their operating WIA program agency. However, as of the date of our fieldwork, only two of the four states had performed their annual monitoring that included reviewing case file documentation to support reported enrollment, activity, and outcome information. The other two states were still focusing on technical assistance to help the LWIBs/One Stops implement their programs. The two states that were not monitoring indicated that they were working on their formal monitoring guides and planned to begin monitoring within the next program year.

None of the states’ monitoring plans included having the program monitoring staff recalculate the local performance measures. The states reviewed the case file documentation to ensure it supported the activities reported but did not follow up on those activities to determine whether they were ultimately reported correctly and timely in the states’ performance measures.

Additionally, as previously stated, a statistically valid data validation system requires clear documentation requirements and definitions of key program terms to ensure consistent application of terms and support for activities and outcomes reported. We reviewed the states’ guidance to determine what documentation requirements and program definitions were in place to ensure this consistency.

Documentation requirements:

- None of the states had formal policies for case file documentation requirements for activities or outcomes to ensure consistent supportability for the activities and outcomes

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reported. They relied on the general documentation requirements in ETA's TEGL 7-99, which does not address documentation for all activities at the case file level.

- One state had references in computer "help" screens for outcome documentation requirements.
- One state had general instructions on the MIS input form to have "supporting documentation" in the case file.
- Two other states did not provide any explanation as to what documentation was required to support activities and outcomes reported.

Definitions of key program terms:

- None of the states had formal policy documents further defining key program definitions such as "participant" or "credential."
- One state had a policy instruction requiring its One Stops to further define credential, but none of the other states had credential defined (and no further definition was found at the local level for the one state).

C. State level: None of the four states we reviewed had undertaken procedures to assure the accuracy of their reported performance data.

The states are responsible for assuring the WIA performance data are accurate and supportable. None of the four states we visited had formal data validation procedures to assure the accuracy of reported performance data.

For the states to assure that the measures (and underlying data used to compute these measures) are accurate, there needs to be a statistically valid method with a tolerable error rate established and detailed definitions and documentation guidelines. Using scientific sampling and associated statistical estimation methods would ensure validation systems would have the following components:

- statistical sampling method;
- tolerable error rate established;
- clear program definitions;
- defined documentation requirements;
- procedures established to correct errors;
- procedures established to track error rates;
- procedures established for adjusting reported performance when the tolerable error rate is exceeded; and

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- a conclusion on whether the data is accurate and supportable based on this standardized method, with auditable documentation to support the conclusion.

All four states we visited had formal monitoring policies in place; however, none of these policies provided a statistically valid approach. All of the monitoring procedures we reviewed were focused on compliance monitoring and were not specifically intended to validate the MIS' activity and outcomes data. Merely monitoring for compliance does not provide the level of assurance necessary to conclude that the performance data are accurately reported.

With outside parties' reliance on the performance data as well as its use by ETA to determine grantees' financial incentives and sanctions, formalized systems should be in place specifically to verify and validate data to assure the integrity of the reported information.

D. Federal level: ETA limited its regional and national monitoring procedures over WIA outcomes data to desk reviews and computer edit checks.

ETA provides two levels of oversight to WIA performance data: regional offices and the national WIA performance review team. The regional offices have direct communication with the states, and the national office communicates with the regions and states, if necessary. ETA issued Field Memorandum (FM) 18-01, May 30, 2001, as guidance to regional ETA staff and states for monitoring and validating the WIA performance data. FM 18-01 states that the regions are required to review two separate participant reports: the WIA Quarterly Performance Report and the WIA Annual Performance Report.

The regional offices review the states' electronically submitted quarterly reports for approval. All regions are instructed to perform the same procedures. The responsible ETA regional representative has 10 days to review the states' reports for accuracy and reasonableness (using the general procedures discussed in FM 18-01 below) and approve the report for final transmission to national ETA. However, this regional approval represents only a desk review of the report, intended to look for the reasonableness of the data and compare it to the state's expenditure reports to ensure the information is consistent.

One regional office provided more technical assistance at the local level -- sometimes resulting from review of the states' quarterly reports -- than the other regions. These technical assistance visits sometimes included reviews of participant case file and MIS data. However, these reviews were on an as-needed basis with no formal data validation procedures (i.e., using a written monitoring guide, requiring a written response by the LWIB, etc.). Although the LWIBs found these technical assistance/training sessions very helpful, these sessions did not constitute sufficient procedures to ensure the accuracy of the reported data as a whole.

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ETA's Office of Technical and Information Systems (OTIS) is responsible for WIA data validity and verification at the national level. OTIS' national efforts are focused on validating that data already entered into the automated system are logical and within certain parameters through the use of numerous data edit checks. ETA had not and currently does not plan to implement a formal monitoring guide for Federal-level oversight.

National ETA cited Training and Employment Guidance Letter (TEGL) 14-00, Attachments F and G, as the applicable guidance for reviewing and accepting these state reports. In addition, FM 18-01 instructed the regional ETA staff to consider timeliness, the amount of data reported, and the reasonableness of data reported. Reasonableness was further clarified in FM 18-01 as using basic data entry range checking to look for outliers, improbable associations, and cataloguing the error types found. The guidance stated that the regional offices were required to begin validation of the quarterly reports with the fourth quarter submission (April through June 2001). Meanwhile, the regions were expected to become familiar with the data submissions for the second and third quarters of Program Year (PY) 2000 (October 2000 through March 2001).

FM 18-01 further directed the states to establish standard operating procedures for data collection and handling to ensure the quality and integrity of data over time. At a minimum, states must address data verification and validation in their procedures to ensure that the resulting database and reports are certifiably accurate. ETA further clarified its direction to the states in TEGL 14-00, Change 1, November 19, 2001, that regional ETA offices had been instructed on data validation procedures and were required to become thoroughly familiar with data collection efforts the states have in place, including definitions for data verification and validation. The additional guidance also provided examples of procedures for data collection and handling to ensure that the resulting database is accurate.

These examples included:

- checking the accuracy of the computerized records against the original source, usually hard copies of records;
- random call backs to participants or contacting other sources to verify the accuracy of information collected; and
- having a trained staff member evaluate data collection efforts by randomly observing interviews and other data collection methods.

This clarification was issued after our onsite fieldwork was completed.

Data supportability at the data entry/case file level is the states' responsibility, and currently regional ETA has no plans to review the supportability of the performance data at the case file level.

Conclusion

It is questionable whether the states can ensure that the performance data they are submitting are accurate and supportable. This is as a result of: the lack of monitoring in the first year of WIA performance reporting; the lack of a statistically valid data validation approach; and the lack of clearly needed documentation requirements and clearer definitions of key program terms. Consequently, ETA cannot ensure that the WIA performance outcomes reported since inception of the program are valid and verifiable.

ETA has initiated a Data Validation and Verification Project conducted by Mathematica Policy Research, Inc., to develop a comprehensive ETA performance data validation and verification computer program to *strike the proper balance between data integrity and efficiency*. One of its study objectives outlined in the summary document included determining what will constitute sufficient proof that the data are correct – finding an acceptable balance between absolute proof and resource constraints.

The pilot-testing phase of the study will evaluate the computer program that has been developed. One large, one medium, and one small state will participate in testing the program. This program involves recalculating the performance measures based on the Workforce Investment Act Standardized Record Data (WIASRD) information³ submitted to ETA and selecting a statistical sample of data elements for testing at the source documentation level. Each state using this program will have standardized documentation requirements and definitions to ensure consistency in the data. If unacceptable error rates are found, ETA will have procedures in place to ensure the data are corrected. ETA is still determining policy for addressing instances of noncompliance with the established data validity standards. Although this program will be voluntary for states to implement, ETA is committed to ensuring that there will be strong incentives for the states to use this program.

However, until the proposed program is implemented, ETA will continue to operate without any substantive assurance that the performance results that it reports for WIA are reliable.

³ The WIASRD system is ETA's collection of individual records containing activity and outcomes information for each WIA program participant. The individual state participant data that make up the WIASRD is the foundation for the WIA program's quarterly and annual reports.

RECOMMENDATIONS

We recommend the Assistant Secretary for Employment and Training:

- Continue ETA's current efforts to establish a standardized, statistical method for WIA performance data validation and require the states to either use this method or have an equivalent, documented method in place to ensure data integrity.
- Provide the states with consistent definitions and documentation guidelines to ensure that all states are reporting consistent data.
- Have the regional ETA representatives:
 - require the states to include data validation in their monitoring policies/programs;
 - require the states to establish minimum documentation standards to support the activities and outcomes reported; and
 - require the states to independently calculate the reported performance measures as part of their performance monitoring.

ETA'S RESPONSE AND OIG'S CONCLUSION

ETA agreed with our conclusions and responded that although they are concerned about the issues raised in our draft report, they are well on their way to developing an effective strategy for validating and verifying performance outcomes data. ETA has been developing a systematic approach to data validation and verification that includes the framework for a standardized and statistical method for WIA performance data validation and anticipates announcing their data validation policy by December of this year. ETA did not respond directly to the audit report's recommendations because they believe the substance of the recommendations is all within the framework of ETA's data validation project and their current plan for deployment and execution. ETA's response is included in its entirety as an Appendix to this report.

As long as ETA's statistical approach to data validation and implementing policy address our specific recommendations, we agree with ETA's approach to rectify this issue. However, ETA's response does not indicate whether this data validation process will be mandatory for all states or voluntary. If some states voluntarily validate performance data and others do not, ETA still will not have assurance that national performance data are accurate.

Based on ETA's planned actions, all recommendations in this report are resolved. To close these recommendations, ETA needs to provide us with evidence that the planned validation system and policy guidance have been implemented.

We would like to emphasize that the OIG had not provided specific technical assistance on any portion of the monitoring process in effect at the time of our audit. Although the OIG entered into a statement of work with ETA to provide technical assistance on their data validation project during the time of our audit field work, the results of the project were not yet implemented and were not included as part of OIG's audit field work.

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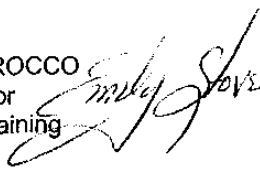
U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210



SEP 13 2002

MEMORANDUM FOR: ELLIOT P. LEWIS
Deputy Inspector General
for Audit

FROM: EMILY STOVER DeROCCO
Assistant Secretary for
Employment and Training 

SUBJECT: Workforce Investment Act
Performance Outcomes Reporting Oversight
Draft Audit Report No. 06-02-006-03-390

I am pleased to respond to your draft audit report on Workforce Investment Act (WIA) Performance Outcomes Reporting Oversight. While I am concerned about the issues raised in the draft report, I believe that the Employment and Training Administration (ETA) is well along the way in developing an effective strategy for validating and verifying performance outcomes data.

First, let me say that, while the issues raised in the draft report are serious and real, they may be somewhat expected in light of when the audit took place—July 1, 2000 through October 21, 2001, the first full year of WIA implementation. As you know, the WIA brought about substantial reforms in workforce programs and much of the attention and energy of the states and of ETA in this period was devoted to implementing the new features and systems provided in the legislation.

ETA has been developing a systematic approach to data validation and verification that includes the framework for a standardized and statistical method for WIA performance data validation. In April of this year I entered into a formal statement of work for technical consultation with the Office of Inspector General (OIG) on the ETA data validation project to ensure that we had the benefit of the OIG's advice on the technical aspects of the data validation project. We have received preliminary advice under this agreement and are pilot testing the design for WIA programs in two states.

Following the pilot test, we will formulate a policy on data validation and advise the state workforce system of the proposed policy. The policy will address the issue of documentation guidelines. It will also address the issues of state requirements and ensure that accurate and reliable data track from the local as well as the state level. In doing so, we will seek the views of the OIG under our formal statement of work and consider the recommendations in your draft report, although our specific decisions will be based upon what we have learned and may not in every instance track your recommendations. I am not responding directly to the recommendations in your report at this time because I believe that the substance of the recommendations falls within the framework of ETA's data validation project and our current plan for deployment and execution. I expect to announce a data validation policy by December



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of this year with implementation to follow shortly thereafter. I will also seek to address the issue of timely and accurate data through the WIA reauthorization process.

Finally, ETA is revising its approach to contract and grant administration, including federal monitoring practices. We have a workgroup that will develop an approach to monitoring state data validation activities consistent with ETA's data validation policy. This approach will be linked to our data validation policy.

As you stated in the draft report, one of the principles of ETA is that "We will be faithful to the American taxpayer and support programs that are outcome-focused and results-oriented." I am firmly committed to performance accountability for the workforce investment system and to ensuring that this system produces accurate and reliable information on program outcomes. I am equally committed to a process that links funding to results. I believe that you will find this commitment carried forward in our reporting and data validation policy and in the steps that we propose as part of the WIA reauthorization process.