



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
BUREAU OF FINANCIAL OPERATIONS
3RD FLOOR, BERTOLINO BUILDING
HARRISBURG, PA 17105-2675

TINA L LONG
ACTING DIRECTOR

FEB - 1 2011

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(717) 705-2288
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(717) 772-2501

Mr. John Moser, Manager
Contract Administration and Monitoring
Berks County Workforce Investment Board
501 Crescent Avenue
Reading, Pennsylvania 19605

Dear Mr. Moser:

I am enclosing the final performance report of the Berks County Workforce Investment Board's employment and training contractor Educational Data Systems, Inc. (EDSI) as completed by this office. Your response has been incorporated into the final report and labeled Appendix A.

The final report will be forwarded to the Department's Office of Income Maintenance to begin the Department's resolution process concerning the report contents. The staff from that office may be in contact with you to follow-up on the corrective actions actually taken to comply with the report's recommendations.

I would like to express my appreciation for the courtesy and cooperation extended to my staff during the course of the fieldwork.

If you have any questions concerning this matter, please contact Mr. Alex Matolyak of the Audit Resolution Section at (717) 783-7786.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long".

Tina L. Long

Enclosure

c: Ms. Helen Amole, EDSI
Ms. Joanne Glover
Mr. Bryon C. Noon
Mr. Andy Tiazkun

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.). The DPW RTKL Office can be contacted by email at: ra-dpwtkl@pa.gov.



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Ms. Joanne Glover
Acting Deputy Secretary for Income Maintenance
Health & Welfare Building, Room 432
Harrisburg, Pennsylvania 17120

Dear Ms. Glover:

In response to a request from the former Executive Deputy Secretary, the Bureau of Financial Operations (BFO) has completed a performance audit of Educational Data Systems, Inc. (EDSI). EDSI is the employment and training contractor for the Berks County Workforce Investment Board (BWIB). The audit was primarily directed to assess EDSI's compliance with the Bureau of Employment and Training Programs (BETP) Master and Program Guidelines related to the issuances of special allowances (SPALs) for supportive services. This audit focused on the period January 1, 2010 through March 31, 2010.

The report is currently in final form and therefore contains EDSI's views on the report findings, conclusions or recommendations. The data used to prepare the report findings was discussed with EDSI and BWIB management at a closing conference held on August 3, 2010.

The report questions the appropriateness of \$1,449 of SPALs paid by EDSI as identified in Finding Number 1. The report also identifies internal control weaknesses over issuances and monitoring of SPALs as discussed in Finding Number 2. In addition, the Observation discusses concerns related to Office of Income Maintenance (OIM) policies.

Educational Data Systems, Inc.
Executive Summary

EDSI is a certified workforce development company that operates an Employment Advancement Retention Network (EARN) Center. The EARN Center consists of two components: the Career Development Component and Work Support Component, which aim to assist recipients of cash and Supplemental Nutrition Assistance Program (SNAP) benefits in achieving financial independence through participation in employment and training activities. In conjunction with these activities EDSI offers SPALs for certain items and services to minimize barriers that prevent employment. Individuals are referred to EDSI by the Berks County Assistance Office (BCAO).

Educational Data Systems, Inc.
January 1, 2010 through March 31, 2010

The report findings and recommendations for corrective action are summarized below:

FINDING NO. 1	SUMMARY
<p><i>Noncompliance Regarding Issuances of SPALs</i></p>	<ul style="list-style-type: none"> • EDSI made two SPAL payments totaling \$1,328 for SNAP only clients in job retention. • EDSI issued gas cards, in the amount of \$100 outside of the prescribed procedures. In addition, numerous gift cards for clothing were issued outside of prescribed procedures. • EDSI issued duplicate payments for transportation SPALs in the amount of \$21.

HIGHLIGHTS OF RECOMMENDATIONS	
<p>OIM/BETP should:</p> <ul style="list-style-type: none"> • Determine the eligibility of \$1,449 of questioned costs identified in Finding No. 1 and recover funds from BWIB, the contracting agency, if appropriate. • Consider providing EDSI with CIS inquiry access to enable EDSI to view SPALs issued by the BCAO, which will reduce the risk of duplicate payments. <p>EDSI should:</p> <ul style="list-style-type: none"> • Ensure personnel performing SPAL related duties are familiar with and abide by BETP Program and Master Guidelines. • Continue to maintain ongoing communications with the BCAO to minimize the risk of noncompliance with SPAL requirements and duplicate payments. <p>BWIB should:</p> <ul style="list-style-type: none"> • Ensure EDSI implement appropriate corrective action. 	

FINDING NO. 2	SUMMARY
<p><i>Internal Control Weaknesses over SPAL Monitoring and Issuances</i></p>	<ul style="list-style-type: none"> • BETP, BWIB and EDSI monitoring procedures do not address SPALs in regards to client eligibility, appropriateness of payment, and fiscal accountability. • EDSI issued a check to "Cash" which may expose the agency to a theft of assets. • One question on the Special Allowance Needs Verification Form was completed inconsistently by the Employment Counselors which indicated that the SPAL was not required for participation in the program.

**Educational Data Systems, Inc.
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HIGHLIGHTS OF RECOMMENDATIONS
<p>OIM/BETP should:</p> <ul style="list-style-type: none"> • Implement monitoring procedures that ensure SPALs paid by contractors are appropriate and accurately recorded in the Commonwealth Workforce Development System (CWDS). <p>EDSI should:</p> <ul style="list-style-type: none"> • Implement additional monitoring procedures directed towards SPAL eligibility and appropriateness of payment. <p>BWIB should:</p> <ul style="list-style-type: none"> • Implement additional monitoring procedures directed towards SPAL eligibility and appropriateness of payment. • Develop a procedure or mechanism that would ensure a vendor can be paid without exposing itself to a lack of control over its assets. • Provide training to the EC to ensure clear understanding of the Special Allowance Needs Verification Form • Ensure a thorough review of the SPAL request documentation and follow-up with the EC on any errors that are detected.

OBSERVATION	SUMMARY
<p><i>OIM Policy Concerns</i></p>	<ul style="list-style-type: none"> • SPAL guidelines are complex, require frequent clarifications, and are subject to misinterpretation. This contributed to the issues discussed in the report. • EDSI and BWIB expressed concerns with keeping aware of current policies and receiving timely updates when changes to policy occur.

Background

EDSI is a certified workforce development company that operates an EARN Center. The EARN Center consists of two components: the Career Development Component and Work Support Component, which aim to assist recipients of cash and SNAP benefits in achieving financial independence through participation in employment and training activities. Certain recipients are required to participate in employment and training activities to continue to receive cash and/or SNAP benefits. In conjunction with these activities EDSI offers payments called SPALs to minimize barriers that prevent employment. Items and services provided include, but are not limited to: clothing, eyeglasses, motor vehicle purchases and repairs, and transportation costs.

Regulations governing employment and training programs and SPALs for supportive services are found in the Program and Master Guidelines issued by the BETP. The Guidelines are based on 55 Pa. Code 165.4 and the Cash Assistance Handbook at

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Chapter 135.6. In addition, the OIM issues various Operations Memorandums and Policy Clarifications.

Objective, Scope and Methodology

The audit objectives developed in concurrence with the OIM were:

- To determine if SPALs issued by EDSI for supportive services are appropriate and in compliance with regulations.
- To determine the level of internal controls pertaining to SPALs issued by EDSI and the extent to which payments are monitored.

The scope of our audit was limited due to the difficulty of obtaining reliable data for SPALs issued by EDSI. The BFO was unable to obtain a CWDS report from BETP for the SPALs issued by EDSI for the period January 1, 2010 through March 31, 2010. In addition, EDSI's independent database contained SPAL payments and incentive payments which could not readily be identified and excluded. Because of this scope limitation, we were unable to satisfy ourselves as to the completeness of the EDSI SPAL universe from which our sample was selected for testing. This also prevented us from selecting a statistically valid random sample. EDSI identified 234 SPALs issued during our audit period; we tested a sample of 78 payments.

In pursuing our objectives, the BFO interviewed management and staff members from EDSI, BWIB and the BCAO. We also reviewed client case records, program monitoring reports, and other pertinent documentation necessary to complete our objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Government auditing standards also require that we obtain an understanding of internal controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of those controls. Based on our understanding of the controls, a number of deficiencies were identified. These deficiencies and other areas where we noted an opportunity for an improvement in management's controls are addressed in the findings and observation of this report.

Fieldwork for this audit took place intermittently from May 24, 2010 to June 29, 2010. The report, when presented in its final form, is available for public inspection.

Results of Fieldwork

Finding No. 1 – Noncompliance Regarding Issuances of SPALs

SPAL Payments Made for SNAP Only Clients in Job Retention

EDSI made two inappropriate SPAL payments totaling \$1,328 to SNAP eligible clients. The payments were made to assist the clients in maintaining their current employment and included a motor vehicle down payment in the amount of \$1,300 and a driver's license fee in the amount of \$28.

Operations Memorandum 040710, dated July 24, 2004, states "Special allowances issued for the sole purpose of insuring job retention are not permitted." In addition, the 2009 Program and Master Guidelines, page 192 states, "job retention itself is not an approved activity that will allow the CAO or contractor to issue supportive services." Further, Policy Clarification 365138 states, "Employment is not an approved food stamp activity" and "Food stamp recipients may not receive a special allowance to maintain current employment."

EDSI and BWIB management do not agree that the SPALs were issued inappropriately and reference the 2009 Program and Master Guidelines, page 191, which states, "Participants whose Cash Assistance and Food Stamp benefits terminate are not eligible for allowances from the CAO. This includes participants whose welfare benefits terminate due to employment. Contractors may provide special allowances for supportive services to participants during the job retention phase."

These cases were presented to OIM/BETP prior to the closing conference with EDSI. BETP stated that employment is not an allowable SNAP employment and training activity; therefore, contractors cannot issue SPALs for SNAP only individuals to maintain current employment.

SPALs Issued Outside of Prescribed Procedures

- Gas Cards

Operations Memorandum 090402, dated 4/8/09, increased the mileage reimbursement rate from \$.12 to \$.25 per mile for private transportation. In addition, the memo states that the distance travelled to and from the employment and training program activity will be estimated using MapQuest or a similar system and that the SPAL will be issued for the actual amount of the trip.

EDSI issued three gas cards during our audit period; two in the amount of \$25 and one in the amount of \$50. EDSI did not calculate the distance travelled and the actual cost of the trip. In addition, EDSI did not contact the BCAO to determine if the client had already obtained the SPAL. One SNAP only client was denied mileage reimbursement by the BCAO since their first paycheck was received and the other two clients had

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received either a monthly bus pass or mileage reimbursement from BCAO at the same time as from EDSI.

- Clothing Allowances

Operations Memorandum 090501 provides instruction to CAOs and contractors, specific to referring eligible clients in need of clothing to the PA WORKWEAR (PAWW) program. The PAWW Desk Guide directs contractors to complete the referral form for enrolled clients, obtain approval from the CAO for the referral and call PAWW to schedule the appointment.

EDSI circumvented the above procedure on numerous occasions and directly issued a gift card to a client to purchase interview clothing or job-specific clothing, such as scrubs or work boots. EDSI indicated that in emergency situations, they will issue a gift card for a client to purchase clothing when the client is unable to wait the usual 7-10 days for the referral process. Sixteen gift cards were issued in the amount of \$25 each. It was noted that EDSI did not obtain the receipt from the client supporting the use of the gift card for clothing purchases.

While the BFO recognizes that the contractor does not want to jeopardize the potential for a client to obtain a job, good business practice dictates that EDSI should contact the CAO to determine if the client is eligible for the allowance and document in the client's file that this occurred. In addition, receipts should be obtained from the client to support that the SPAL was used for its intended purpose.

It should be noted that EDSI stated at the closing conference that they have discontinued issuing gift cards for gas and clothing.

Duplicate Payments for Transportation SPALs

EDSI issued seven daily bus passes to clients who had already received their SPAL monthly bus pass from the BCAO. EDSI indicated that if a client loses their monthly pass, EDSI will provide one or two daily bus passes to ensure that the client continues to participate. After the daily passes are used, the client is required to find their own means of transportation until they receive their next monthly pass from BCAO. In some instances, EDSI failed to identify that the BCAO previously made the payment and paid for the same SPAL.

It should be noted that this was an infrequent practice and resulted in \$21 in duplicate payments. EDSI stated at the closing conference that they have since discontinued this practice.

Areas of Compliance

The BFO identified a number of areas in which EDSI generally complied with and efficiently managed the issuance of SPALS. EDSI made timely SPAL payments to clients and had eligibility forms on file. In addition, we determined SPAL coverage

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periods and client hours were documented, cost estimates and invoices were on file, and continued eligibility was verified.

We would like to commend EDSI staff involved with this audit who welcomed suggestions for improving their SPAL process. EDSI also played a proactive role by starting to implement corrective action to the report findings before issuance of this report.

Recommendations

The BFO recommends the OIM/BETP determine the eligibility of the \$1,449 in questioned SPAL costs identified in Finding No. 1 and recover funds from BWIB (the contracting agency) if appropriate.

The BFO also recommends OIM/BETP consider providing EDSI with CIS inquiry access to enable EDSI to view SPALs issued by the BCAO, which will reduce the risk of duplicate payments.

The BFO also recommends EDSI ensure staff performing SPAL related duties are familiar with and abide by BETP Program and Master Guidelines. This includes adhering to the prescribed mileage reimbursement procedures and referrals for PAWW.

The BFO further recommends EDSI continue to maintain ongoing communications with the BCAO in order to reduce the risk of noncompliance with SPAL payment procedures and duplicate payments.

The BFO finally recommends that BWIB, as the contracting agency, ensure EDSI implement appropriate corrective actions.

Finding No. 2 – Internal Control Weaknesses over SPAL Monitoring and Issuances

Lack of Monitoring Regarding Appropriateness of SPALs

BETP provides technical assistance to employment and training contractors and conducts time and attendance and annual monitoring as described on pages 344 and 345 of the 2009 BETP Program and Master Guidelines. In addition, the BWIB performs quarterly monitoring and EDSI conducts self-monitoring as described on page 344.

The BFO performed a cursory review of the BETP, BWIB and EDSI monitoring results and noted that the monitoring procedures are directed toward achievement of performance goals. The monitoring effort does not consider SPAL eligibility, appropriateness of payment, and fiscal accountability.

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Management Controls Need Enhanced

- Check Issued to “Cash”

One check was made out to “Cash” to make payment to a vendor that would not accept a business check from EDSI. EDSI does not have an established procedure on what to do in such a situation. Good business practice dictates that business checks should not be made out to “Cash” to reduce the exposure of a theft of assets.

- Clarification Needed

One question on the Special Allowance Needs Verification Form was completed inconsistently by the Employment Counselors (EC). Several forms indicated that the SPAL was not required for participation in the employment or training activity, which should have lead to a denial of the SPAL request. However, EDSI issued payment for the SPAL requests.

EDSI indicated that the question on the SPAL Needs Verification Form was misinterpreted by the EC and that the SPAL payment was necessary for participation in the activity. During EDSI’s management review and approval of the SPAL request, the error went undetected.

Recommendations

The BFO recommends OIM/BETP implement monitoring procedures which include a review of the appropriateness of contractors SPAL payments.

The BFO also recommends EDSI and BWIB enhance their current monitoring procedures to verify SPALs are appropriate.

The BFO further recommends that EDSI, in conjunction with its corporate office, look into developing a procedure or mechanism for reimbursing vendors who will not accept checks.

The BFO finally recommends that EDSI provide training to the EC to ensure clear understanding of the Special Allowance Needs Verification Form. In addition, EDSI management should ensure a thorough review of the SPAL request documentation and follow-up with the EC on any errors that are detected.

Observation – OIM Policy Concerns

SPAL guidelines are complex and are subject to misinterpretation which has resulted in the need for OIM/BETP to issue a number of policy clarifications. EDSI and BWIB management have expressed their concern in keeping informed of current policies. The misinterpretation of or lack of awareness to policy changes has contributed to the issues in this report. OIM/BETP should ensure that contractors receive timely updates when policies are changed and/or clarified.

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Exit Conference

The BWIB elected not to have an Exit Conference; as such the report is issued as final with the BWIB response included as Appendix A.

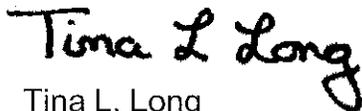
In accordance with our established procedures, an audit response matrix will be provided to your office. Once received, please complete the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at:

RA-pwauditresolution@state.pa.us

The response to each recommendation should indicate your office's concurrence or non-concurrence, the corrective action to be taken, the staff from your office responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Please contact Alexander Matolyak, Audit Resolution Section at (717) 783-7786 if you have any questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,



Tina L. Long

Attachment

c: Mr. John Moser, Berks County WIB
Ms. Helen Amole, EDSI
Mr. Bryon C. Noon
Mr. Andy Tiazkun

**BERKS COUNTY WORKFORCE INVESTMENT BOARD'S
RESPONSE TO THE DRAFT REPORT**

APPENDIX A

Berks County Workforce Investment Board

Response to the Performance Audit of the Issuance of Special Allowances
(SPALS) by Educational Data Systems Inc. for the
EARN Program during the period 1/1/10 – 3/31/10

Finding #1: Noncompliance Regarding Issuances of SPALs.

SPAL Payments Made for SNAP Only Clients in Job Retention

The Berks County Workforce Investment Board (WIB) disputes that the payments totaling \$1328.00 made to SNAP (Food Stamp) only clients were inappropriate. This reasoning is based upon the EARN Program guidelines in effect at the time the special allowances were approved and issued.

Client A: \$1300.00 special allowance for car purchase.

SPAL request date:	12/8/09
SPAL approval date:	12/18/09
Cash status:	closed 11/11/09
EARN status:	positive termination 1/22/10

The Program Year 2009 EARN Program Guidelines state the following under “Child Care and Supportive Services”:

- The client must be actively participating in an employment and training activity in order to receive the supportive service allowance. P177
- Participants whose Cash Assistance and Food Stamp benefits terminate are not eligible for allowances from the CAO. This includes participants whose welfare benefits terminate due to employment. Contractors may provide special allowances for supportive services to participants during the job retention phase. P191
- Specifically, Food Stamp clients must be participating in an employment and training activity to receive a special allowance. This includes Food Stamp recipients who are in the job retention phase of their participation. Contractors must ensure that Food Stamps clients are enrolled in an activity and that the activity has been data entered into CWDS. Note that job retention itself is not an approved activity that will allow the CAO or contractor to issue supportive services. P192
- The SPAL matrix lists under CAO allowances for Food Stamps for motor vehicle purchase or down payment: Must be needed to accept new employment, retain current employment, participate in education and training, or to take child to childcare while working or participating in education and training. P203

The audit indicates on page 5 that “BETP stated that employment is not an allowable SNAP E&T activity; therefore, contractors cannot issue SPALs for SNAP only individuals to maintain current employment.” This is not clear in the Program Year 2009 EARN Program Guidelines. In CWDS job retention is not an activity but a sub-project under which an activity must be open. This activity is not defined in the guidelines (page 192). Further, the BETP statement in the audit

report conflicts directly with sections of the guidelines (page 177 and 191). At no point in the Program Year 2009 EARN Program Guidelines is it specified that SNAP only clients in retention may not receive program provided special allowances if they are in employment (code 33 or 23), nor is there indication that the contractor may not issue a special allowance if the CAO has denied the same.

Though not justification for the expenditure of the special allowance it should be noted that Client A completed this enrollment by reaching retention and to date has no further services in CWDS.

Client B: \$28.00 special allowance for PA Driver's License.

SPAL request date:	2/8/10
SPAL approval date:	2/17/10
Cash status:	open 2/11/10 – 4/28/10
EARN status:	negative termination 3/19/10

The Program Year 2009 EARN Program Guidelines state the following under “Work Support Component”:

- Once an individual has enrolled in WSC the full range of special allowances including car purchase is allowable. (Page numbers are not provided.)

Client B was enrolled in the Work Support Component of EARN when the special allowance request was made and approved. The Program Year 2009 EARN Program Guidelines clearly state that special allowances are permissible in WSC. WSC, according to the Program Year 2009 EARN Program Guidelines, provides families “cash assistance and supportive services equivalent to what they would receive on TANF...” EARN guidelines require that an individual who gains employment while in WSC be transferred to the Career Development Component (CDC) of EARN for retention services. The special allowance was approved while in WSC and delivered once the client had moved to CDC. According to the CIS record cash was open a few days before this transfer occurred.

This special allowance was issued according to the WSC guidelines it was also issued with cash assistance open. In either case, the contractor followed applicable rules.

SPALs Issued Outside of Prescribed Procedures

Gas Cards: This practice has ceased effective with the August 2010 audit.

Clothing Allowances: The issuance of gift cards to purchase clothing has ceased effective with the August 2010 audit. The Berks County Workforce Investment Board would like to note that this occurred during a period when the local PA WORKWEAR vendor was not responsive to EARN client needs. This has since been remedied.

Duplicate Payments for Transportation SPALs

This was a rare occurrence used to bridge a gap in the issuance of the transportation special allowance from the CAO (bus pass expiration and renewal). The contractor has ceased this practice effective with the August 2010 audit.

Finding #2: Internal Control Weaknesses over SPAL Monitoring and Issuances

Lack of Monitoring Regarding Appropriateness of SPALs

The oversight procedures employed by the Berks County Workforce Investment Board used to monitor EARN and EDSI have been established to anticipate probable findings of non-compliance by the Pennsylvania Departments of Public Welfare and/or Labor & Industry. As such, the tools utilized and the items reviewed mirror those found in the tools used by the agencies that customarily monitor programs overseen by the Berks County Workforce Investment Board; those being the Bureau of Employment & Training Programs (BETP) within the Department of Public Welfare and the Bureau of Workforce Development Partnership (BWDP) within the Department of Labor & Industry.

BETP requires EARN contractors to complete a monthly "self-monitoring" that reviews six general aspects of compliance twice yearly. Special allowances are scheduled to be reviewed in November and May. There are five items to be reviewed: client notification of types of supportive services available, approval or denial within ten days of the request, transportation being issued in advance of need, car insurance coverage level, and client receipt of written notice of supportive service approval or denial. The WIB has included all items reviewed in the contractor "self-monitoring" into a quarterly review of EARN files. BETP requires each item to be reviewed twice per year the WIB reviews all items four times per year. The WIB reports are shared with the contractor and are monitored over time to detect areas of improvement or decline. The WIB also conducts a yearly programmatic review of all sub-contracted programs which includes appropriateness of services and activities, fiscal procedures, staff program knowledge/satisfaction and customer interviews. All monitoring is conducted to adjust programs as required to ensure there are "no surprises" when BETP or BWDP monitoring reviews take place.

BWDP reviews WIB oversight procedures and requires the WIB to conduct regular monitoring of programs it oversees; however, the Program Year 2010 EARN Program Guidelines have added the clause that "There is no obligation for fiscal agents to conduct program monitoring. LMCs (Local Management Committees) must decide if fiscal agent-conducted monitoring is worth the financial investment." This is a conflict the WIB must balance between the two main Commonwealth agencies it receives funding from.

The Berks County Workforce Investment Board believes it was going beyond the requirements imposed by the funding source in regards to monitoring of the EARN contractor and following the only guidance in regards to SPAL monitoring available at the time. This said, the appropriateness and accurate recording of SPALs will be added to all future EARN file quarterly reviews. The next file review is scheduled for January 2011.

Management Controls Need Enhanced

Check Issued to "Cash": As detailed in the audit report this occurred because a vendor would not accept a business check from EDSI. Another factor was the pressure the EARN contractor is under to ensure payment for a special allowance is made within the required time frames established as a result of [REDACTED] vs. [REDACTED]. EDSI has issued a business credit card to the local program manager to better control assets in these situations.

Special Allowance Needs Verification Form Not Completed Consistently: Additional staff training to ensure employment consultants understand the special allowance documentation process has been scheduled for 01/11/11.

Audit Recommendations:

SPAL costs of \$1449.00: The Berks County Workforce Investment Board firmly believes \$1328.00 of this amount to be allowable under the EARN Guidelines in place at the time the special allowances were issued. The remaining amount, \$121.00, the WIB agrees was not issued in compliance with the Program Year 2009 EARN Program Guidelines; however, this does not show a blatant disregard for the guidelines. Rather, these were limited issuances for the express purpose of ensuring client participation, usually to get to or begin employment. In all cases the practice has stopped.

CIS access: EDSI already has CIS access. Training in the use of CIS would be beneficial though.

SPAL staff training: Locally EDSI has one staff member assigned to SPAL processing. This individual has been employed by EDSI locally for five years and is very knowledgeable regarding the special allowance process and rules for EARN clients. The only special allowance training offered by BETP appropriate for this individual occurs as part of the annual guidelines training which takes place from mid to late spring. This individual is scheduled to attend the 05/23/11 training.

EDSI communication with the CAO: In Berks the CAO has three staff identified as liaisons to the EARN program. EDSI staff communicates via phone with these individuals daily. They are represented at the EARN site for twice a week client orientation sessions and at the weekly Direct Services Team meeting. EDSI and the CAO view the current communication systems in place as more than adequate to ensure compliance with EARN requirements.

WIB to ensure implementation of corrective actions: Any corrective actions required to be implemented by EDSI will be followed-up upon by WIB staff.

WIB and EDSI to enhance SPAL monitoring: The appropriateness of SPALs has been added to the WIB monitoring tool. EDSI has also incorporated such into their internal audits.

EDSI control of assets: EDSI will no longer issues checks to "Cash". The program manager has been issued a business credit card for such situations.

EC SPAL training: EDSI will complete this training by 01/11/11.