

U.S. Department of Labor

Employment and Training Administration
Sam Nunn Atlanta Federal Center
Room 6M12 - 61 Forsyth Street, S.W.
Atlanta, Georgia 30303



December 3, 2013

Ms. Cheryl Stanton
Agency Administrator
Department of Employment and
Workforce
Post Office Box 995
Columbia, South Carolina 29202

Mr. Tony Kester
Aging Director
State of South Carolina
DBA Lieutenant Governor's Office on Aging
1301 Gervais Street, Suite 350
Columbia, South Carolina 29201

Dear Ms. Stanton and Mr. Kester:

We are in receipt of your letter dated October 23, 2013, that addresses the findings in our monitoring report dated September 23, 2013.

Upon review of the responses provided, it is evident that the State has begun to address and implement improvements. Enclosed is our assessment of the responses provided and our determination based on supporting documents and related information. In some instances, we determined that the State's corrective action is adequate and no further action is necessary. There are some issues that were not satisfactorily addressed; therefore, further corrective action is required. We will continue to work with you and your staff on unresolved concerns and may periodically require the status of issue resolution.

In addition to your responses, technical assistance was requested for Findings number 2 and number 5. Toni Buxton, the Federal Project Officer for South Carolina, will contact your staff to discuss and develop a more customized technical assistance to meet your needs.

We appreciate the efforts made by your office to respond to the findings. If you have any questions, please contact Ms. Buxton at (404) 302-5367 or Mr. Winston Tompoe at (404) 302-5372.

Sincerely,

Digitally signed by Les Range
DN: cn=Les Range,
o=Employment and Training
Administration, ou=USDOL,
email=range.les@dol.gov, c=US
Date: 2013.12.03 16:23:35 -05'00'

Les Range
Regional Administrator

Enclosure

The following are Employment and Training Administration (ETA's) responses to the State's corrective actions /responses to the Findings that were identified in the monitoring report:

Finding #1: The board membership for the Santee-Lynches WIB shows only one labor representative and no community-based organization representation. One-Stop partner's representatives for Workforce Investment Act (WIA), Wagner-Peyser (W-P), Unemployment Insurance (UI), and Trade Assistance Act (TAA) are also not represented on the board. Please refer to 20 CFR 661.315.

Finding Recommendation #1: We recommend that the board fill these membership vacancies in compliance with WIA 117: The local area should provide the name, organizational affiliation, and contact information of the new members in response to the finding.

South Carolina Corrective Action/Response Finding #1

The Santee-Lynches Local Workforce Investment Board (LWIB) is currently in compliance with representation in all required categories including those with unfilled seats at the time of the review. There are and were at the time of the monitoring review, two community-based organization representatives: 1) Anita White, Regional Manager for Telemon Corporation, (843) 667-9434 or awhite@telemon.org, and 2) Dr. James Coleman, Executive Director of Wateree Community Action, (803) 775-6534 or jcoleman@wcai.org.

New Members Added to the Santee-Lynches LWIB		
Name	LWIB Category/Affiliation	Contact Information
Jerome Robinson, Local President	Labor	Mail Carriers Union (NAPFE) (803) 775-3955 <i>phone</i> jrob1965@bellsouth.net
Cindy Rogers, Area Director	Wagner-Peyser, Unemployment Insurance, and Trade Adjustment Assistance	SCDEW (803) 598-2023 <i>phone</i> crogers@dew.sc.gov

ETA Response to Finding # 1 - Determination: Based on the above, the finding is **corrected**.

Finding #2: Cost sharing agreements have not been developed among all required partners and not all are paying their fair share of the operating cost of the One-Stop delivery system. The cost for operating One-Stop system is only shared among few partners, particularly between W-P and WIA programs. 20 CFR 662.270 requires that "..... Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program...." Additionally, costs for programs linked to the One-Stop Career Centers through electronic or other technology-based means only that are shared by partner programs should be allocated to those partner programs based on the benefits derived there from.

Finding Recommendation #2: The State, in partnership with local workforce boards and the appropriate local elected officials, should develop an action plan on how to integrate all required partners' core services into the One-Stop system and how the costs will be shared.

South Carolina Corrective Action/Response Finding #2

Dwindling resources have made it increasingly difficult to secure resource sharing commitments by partners in South Carolina Works Centers despite WIA Regulation 20 CFR 662.270.

We are aware of the cost sharing requirement and are addressing it in several ways from the State- level. First, we have begun efforts to renew and reassert our State Memorandum of Understanding (MOU) with required partners. This will allow us to re-engage State-level leaders of our partner agencies which will also assist in facilitating and strengthening local area partnership and collaboration. The State MOU is expected to be completed and executed before the end of the Program Year 2013. Second, the SCDEW MOU/Resource Sharing Agreement (RSA) Team meets with every LWIA to negotiate RSA terms. These meetings have provided the opportunity to reiterate the importance of detailing the RSA partners' proportionate use of the South Carolina Works Centers and garnering their contribution to that end. Lastly, the new service delivery model, outlined in Appendix 1, removed the in-person UI staff and decreased the number of W-P staff in the South Carolina Works Centers. This reduction in force led to a significant decrease in the agency's proportionate share of resource sharing agreements. Out of necessity, these changes have created a sense of urgency for local areas to work with all partners to contribute in some way to Center's operations.

Through the provision of technical assistance and monitoring visits and reports, we will continue to assess and address the lack of partner resource contributions to the Centers as well as the lack of Resource Sharing Agreement documentation of fair share and resource allocation. South Carolina Department Employment and Workforce (SCDEW) is also very interested in learning of other States' practices and successes in securing contributing partners in the One-Stops. USDOL ETA's technical assistance on this matter is requested to facilitate execution of the State MOU.

ETA Response to Finding #2 - Determination: Based on the above, the finding is **corrected**. The State has requested technical assistance in the development of the State MOU (please note ETA Response to Findings #5 and #9).

Finding #3: At the time of the Review, the SCDEW and UpState LWIB have not reached cost-sharing agreement and appeared to be at an impasse.

The law requires at WIA 121(c) (1) the local workforce board must develop a MOU with each One-Stop partner. The law at WIA 121(d) (2) (A) (ii) also requires that each MOU contains an agreement on "how the costs of such services and the operating costs of the system will be funded."

Finding Recommendation #3: We recommend that the SCDEW and UpState LWIB reach agreement and provide a copy of the signed cost-sharing agreement in response to this finding.

South Carolina Corrective Action/Response Finding #3

SCDEW and the UpState LWIB fully executed a Program Year 2012 MOU/RSA in May 2013. A copy of the signed agreement can be found in Appendix 2.

ETA Response to Finding #3 - Determination: Based on the above, the finding is **corrected**.

Finding #4: The SCDEW has issued some policies to guide local areas in One-Stop operations, including policies on coordination between partners and functional supervision. The State is commended for guidance to the system. However, guidance has not been provided on the integration of services (core, intensive, and training) to ensure the operation of seamless integrated programs among partners. Please refer to 20 CFR 652 (Introduction and Section I.A. WIA Principles) and 20 CFR 662.250.

Finding Recommendation #4: We recommend that the State develop policies on providing information to customers about the availability of the full array of services. These policies and procedures are needed to ensure AJC customers have access to information about the full array of services, including information on all partner services (WIA 134 (c) (1) (A-E)).

South Carolina Corrective Action/Response Finding #4

State Instruction Letter 10-03, *One-Stop Certification*, issued June 30, 2011, gives guidance to local areas on providing information to customers about service availability. The Management and Job Seeker Standards attached to the instruction letter require integration of all partner services as well as increased and easy access to program information and partner services for customers in the centers and via the Internet. The Standards, which were previously approved by the State Workforce Investment Board (SWIB), have been recently revised to reflect the many organizational and service delivery changes in South Carolina since approval of the Standards in 2010. See Appendix 3 for a copy of the revised South Carolina Works Certification Standards.

Since the time of the USDOL Comprehensive Review, much has changed regarding the delivery of services (refer to Appendix 1) in the centers. In particular, SCDEW has altered how it provides W-P and UI services, to ensure core services are available and effectively administered while challenged with Statewide staff cuts due to severely reduced resources. With this and similar budgetary and staff changes for several partner programs, the State continues to address service availability and integration in other ways.

A recent approach was to incorporate targeted questions in the Local Plan Guidance to determine how LWIAs/LWIBs will be ensuring that customers have access to the full array of services and how the services will be integrated in the Centers. As part of the South Carolina Works Center Certification Standards, centers are required to create Operational Plans that will document all aspects of program integration, customer flow, and partner interactions and referrals. As these documents are completed, State SCDEW staff will use the information provided by LWIAs to tailor guidance to ensure partner services integration and customer access to the full array of services.

Moreover, the State continues to encourage open dialogue. Through participation on the LWIBs, and the initiation of partner workgroups, we continue to improve the development and implementation of a seamless service delivery with an emphasis on quality customer service.

ETA Response to Finding #4 - Determination: Based on the above, the finding is **corrected**.

Finding #5: Although the SCSEP sub-grantees have MOUs in place with the LWIBs, cost sharing agreements are not consistently cited in these MOUs.

Finding Recommendation #5: WIA Regulation 662.270 requires MOUs to describe the particular funding arrangements for services and operating costs of the One-Stop delivery system. Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program.

Because a Comprehensive AJC is required in each LWIA, it is recommended that AJC cost sharing arrangements for the Goodwill Industries of UpState/Midlands be included in the AJC MOUs with all Comprehensive AJCs.

South Carolina Corrective Action/Response Finding #5

As indicated in corrective action/response #2, SCDEW is in the process of re-executing a State MOU with all One-Stop required partners. Senior Community Service Employment Program (SCSEP) will be included in all partner discussions and in the MOU.

The SCSEP Program Manager in the Lieutenant Governor's Office on Aging, in collaboration with the SCDEW, will develop a template for sub-grantees that specifically addresses WIA Regulations 662.270. All SCSEP sub-grantees will use this template to ensure consistency and adherence to USDOL regulations on cost sharing.

The SCSEP Program Manager will also review all MOUs during site visits scheduled for the month of November. If corrections need to be made after the review, sub-grantees will have five business days to do so.

Technical assistance from USDOL is also requested on this matter.

ETA Response to Finding #5 - Determination: Based on the above, the finding is **corrected**. The State has requested technical assistance in the development of the State MOU (please note ETA's Responses to Findings #2 and #9).

Finding #6: Goodwill Industries of UpState/Midlands has indicated they provide staff to the South Carolina Works AJC system in Greenville and other AJCs. A visit to the McAlister Square One-Stop Career Center in Greenville and an analysis of Career Center services revealed that the Goodwill Industries staff is there to provide services for an Advanced Manufacturing discretionary grant awarded to Goodwill Industries of UpState/Midlands. The national AARP SCSEP grantee appeared to be providing the SCSEP program services in the McAlister One-Stop Career Center.

Finding Recommendation #6: The regulation at 20 CFR 641.200 says the SCSEP is a required partner under the WIA. As such, it is a part of the AJC delivery system. When acting in their capacity as WIA partners, the SCSEP grantees and sub-recipients are required to follow all applicable rules under WIA and its regulations at 20 CFR 662.200 through 662.280.

Additionally, 20 CFR 662.230(a) requires all One-Stop partners to make available to participants through the One-Stop delivery system the core services that are applicable to the partner's programs. Although the SCSEP program services are being provided by the AARP Foundation in the McAlister One-Stop Career Center, Goodwill Industries of UpState/ Midlands, as a State sub-grantee, also has a regulatory requirement to provide SCSEP services in the AJC service delivery system. Since there are competing SCSEP program service providers in this LWIA, the LWIB must re-evaluate the One-Stop Career Center partnership service delivery regulatory requirements for each SCSEP program provider.

South Carolina Corrective Action/Response Finding #6

The SCSEP Program Manager will meet with Goodwill Industries on October 29, 2013, to fully discuss this finding and review the applicable Federal regulations. To determine an appropriate solution that allows the Federal and State SCSEP grantees to work collaboratively, not competitively, a meeting will be scheduled among the SCSEP Program Manager, AARP,

Goodwill Industries, and SCDEW by November 29, 2013. This same approach will be taken to address similar issues in other service areas, as needed.

ETA Response to Finding #6 - Determination: Based on the above, this finding is **pending resolution**. ETA accepts the interim corrective action plan; however, quarterly progress updates should be submitted until the finding is fully resolved.

Finding #7: Goodwill Industries of UpState/Midlands serves many of their SCSEP program participants through the Goodwill Industries Job Connection Centers located throughout the State. The Goodwill Industries Job Connection Centers provide many of the same services that are provided through the South Carolina Works One-Stop Career Center system which includes core and intensive services. This provision of services in the Goodwill Industries Job Connection Centers appears to be a duplication of services.

Finding Recommendation #7: 20 CFR 652.250 describes where and to what extent the One-Stop partners must make available the applicable core services. Since WIA 134(C) requires core services be provided, at a minimum, at a Comprehensive Career Center, the regulation requires that the core services applicable to the partner's program be made available by each partner at the Comprehensive Center. To avoid duplication of services traditionally provided under the W-P this requirement is limited to those applicable core services that are in addition to the basic labor exchange services traditionally provided in the local area under the W-P program.

South Carolina Corrective Action/Response Finding #7

The SCSEP Program Manager and sub-grantees will review WIA 134(C).

Goodwill Industries has been proactive in resolving this issue. Participants are encouraged to use the services provided by the South Carolina Works Centers prior to becoming SCSEP participants and also during their participation in the SCSEP program. To formalize the process, Goodwill is emphasizing this effort by asking SCSEP participants to sign a "pledge" to use South Carolina Works Center services and complete a *SCSEP Utilization of WIA Services Verification* form (**see Appendix 4**).

Goodwill Industries will use the South Carolina Works Centers for core services and the traditional basic labor exchange services for SCSEP participants. Goodwill Industries' Job Connection Centers will only be used to provide services that the One-Stops do not provide. To formalize the process, the Lieutenant Governor's Office on Aging will send a directive to Goodwill Industries. The policy, which was sent on October 12, 2013, will also be applicable to all State SCSEP sub-grantees and incorporated into the LGOA's Policy and Procedural Manual.

ETA Response to Finding #7 - Determination: Based on the above, the finding is **partially corrected**. A copy of the directive issued by the Lieutenant Governor's Office on Aging to Goodwill Industries was not provided. The State should provide a copy of the policy to ETA.

Finding #8: Problem of Undercounting of WIA participants: As a result of the process in One-Stop Career Centers for serving W-P and WIA participants, the State is undercounting WIA participants. Additionally, the practice is resulting in WIA funds being used to provide services for W-P customers resulting in the improper accounting of funding resources. WIA-funded staff is providing services without enrollment in WIA. Reference: TEGL 17-05, Attachment D.

Finding Recommendation #8: The State should develop a system that prevents undercounting of WIA participants:

South Carolina Corrective Action/Response Finding #8

The new W-P service delivery model eliminates the cause of the problem described in this finding. Revised, more well-defined roles (see below) for W-P staff, coupled with in-depth training on the services to be provided removes the need for WIA staff to provide core services for anyone who is not enrolled in WIA.

Resource Specialist (Orientates W-P participants and Provides Other Center Services)

This position will conduct core service related workshops in South Carolina Works Centers and access points. Resource Specialists also provide programmatic support and professional services to individuals seeking employment information, career and labor market information, or Center's service overviews.

Career Development Specialist (Provides One-on-One Case Management)

This position provides ongoing support and overall evaluation of individual job seeker needs. Career Development Specialists provide case management services to facilitate labor exchange activities, referrals, and training for W-P participants.

ETA Response to Finding #8 - Determination: Based on the above, the finding is **partially corrected**. Additional information is needed on how the process will ensure that W-P core services are counted.

Finding #9: Lack of compliance with requirement to make partners core services available in Comprehensive Centers: WIA requires that all required partners must make available to participants through the One-Stop system the core services that are applicable to the partner's program; (WIA 121(b)(1)(A); 662.230. Partners should use a portion of funds made available to the partner's program (to extend not inconsistent with the Federal authorizing legislations) to create and maintain the One-Stop delivery system; and provide core services applicable to their program (WIA 134(d)(1)(B). Required partners must also participate in the operation of the One-Stop system consistent with the terms of the MOU and requirements of authorizing laws; (WIA 121 (b)(1)(B); 662.230(d), enter into a MOU with the Local Board regarding the operation of the One-Stop system; (WIA 121(c) and provide representation on the Local Board; (WIA 117(b)(2)(A)(vi); 662.230(e).

Our review of Comprehensive Centers shows the following partners are not providing core services attributable to their programs through the Comprehensive One-Stop Career Center nor through effective electronic means:

WorkLink LWIA's Missing Partners:

- Adult Education;
- Vocational Rehabilitation (VR);
- Vocational Education;
- Community Services Block Grant, and
- Housing and Urban Development (HUD).

UpState LWIA's Missing Partners:

- Vocational Education/Community College
- Community Service Block Grant
- Housing and Urban Development (HUD)
- Unemployment Insurance (UI); UI is located at a separate location outside of the Center. Also, information on accessing UI services is not readily available to customers flowing into the Center.

Santee Lynches LWIA's Missing Partners:

- Adult Education/Literacy
- WtW (SSA)
- Title V (OAA)
- Vocational Rehabilitation
- Community Service Block Grant, and
- Housing and Urban Development (HUD)

Finding Recommendation #9: The State and local areas should come in compliance with WIA requirements: The State and local areas should provide evidence that required partners have made available their core services in the comprehensive One-Stop Career Centers as required by WIA. The response should include the name of the partner, a copy of the MOU, list of the partner services and method of how the services are being provided. If at the time of the State's response, agreement has not been reached or how services will be made available, a plan and timeline should be provided on how this will be accomplished.

South Carolina Corrective Action/Response Finding #9

South Carolina is in the process of implementing South Carolina Works Certification Standards and developing a State MOU to be signed by WIA required partners to facilitate consistency and compliance with core service offerings and cost sharing amongst partners. Currently, the WorkLink, UpState, and Santee-Lynches LWIAs have and continue to work with partners to become compliant in the offerings of partner core services. A response from each respective area is provided below. Any additional requested information is outlined in each area's MOU.

ETA Response to Finding #9 State - Determination: Based on the above, the finding is **pending resolution**. The State has requested technical assistance from ETA in developing a State MOU. The States' timeframe for completion and execution of the MOU is June 30, 2014. ETA will contact SCDEW within three days of the issuance of this response to determine next steps. The State should provide quarterly progress updates until corrected.

Corrective Action/Response Finding #9 WorkLink

In Appendix 5, you will find the umbrella MOU for all partners and the Resource Sharing Agreements for Adult Education, Vocational Education (Tri-County Technical College), and the Community Services Block Grant organization (SHARE) which details how the partners will be

providing services and their contributions to South Carolina Works Centers in the WorkLink region.

Vocational Rehabilitation and Housing and Urban Development's (HUD) plans have been developed and are being reviewed by their respective State legal departments for final execution. These should be finalized by October 31, 2013.

ETA Response Finding #9 WorkLink - Determination: Based on the above, the finding is **pending resolution**. The State will provide to ETA copies of the Vocational Rehabilitation's and HUD's documents for this finding to be deemed corrected.

Corrective Action/Response Finding #9 UpState

The noted partners will be part of the following plan to ensure representation and provision of services within the UpState area.

By November 1, 2013, contact will be initiated with the appropriate staff at Housing and Urban Development and Community Service Block Grant. This dialogue will include discussion of service provision within the South Carolina Works UpState Centers and explore the option of co-location of staff and/or services. MOU-RSA documents for each partner will be completed by the December 15, 2013, the State deadline.

Spartanburg Community College (SCC) is currently an integrated partner and eligible training provider. The MOU-RSA in effect for the USDOL review cycle included SCC and outlines services and the methods of service delivery. Information is widely available in all South Carolina Works UpState Centers and SCC staff interfaces regularly with WIA team members on training options and job seeker needs. See Appendix 6 for the MOUs/RSAs with all required One-Stop partners to include Vocational Education.

Unemployment Insurance (UI) services were provided through co-located staff in the UpState locations in Cherokee and Union Counties until the cessation of in-person services earlier this year. Unemployment Insurance information was readily accessible at those sites. The Comprehensive Center in Spartanburg could not accommodate co-located UI staff (or the related traffic volume) due to space limitations. This location, along with Centers in Greenville and Charleston were permitted to remain off-site for those reasons as the State had previously planned to implement a call center structure for UI support. All three South Carolina Works UpState Centers offer customers computer access to obtain UI information and complete the online UI application. Instructional materials, which describe how to access online resources and file initial and weekly claims, are provided to customers to assist them in their efforts. Additional customer guidance is also provided for customers who find difficulty accessing online resources or fail to reach UI telephone support. See Appendix 2 for a copy of the MOU/RSA with SCDEW.

ETA Response Finding #9 UpState - Determination: Based on the above, the finding is **pending resolution**. The State should provide copies of the Vocational Rehabilitation's and HUD's documents.

Corrective Action/Response Finding #9 Santee-Lynches

A Partners' meeting was held October 17, 2013, and attached in Appendix 7 is the MOU that will be signed by October 31, 2013, by all of the partners. The contribution forms outline what each partner is contributing to the system, with the exception of SCDEW, as we have a separate MOU with them.

ETA Response to Finding #9 Santee-Lynches - Determination: Based on the above, the finding is **pending resolution**. The State should provide to ETA a copy of the fully executed MOU.

Finding #10: Lack of determination and documentation of the need for service: While local areas are providing services, the documentation for the needs for training services are not fully established and assessment results are not interpreted to support the need for the mix and appropriateness of services recommended in individual employment plans. 20 CFR 663.310(b); 20 CFR 663.320; Preamble of 20 CFR Part 652 et al.

Finding Recommendation #10: The State should enhance the system for assessing participants, utilizing assessment results to document the needs for services, and developing effective IEPs.

South Carolina Corrective Action/Response Finding #10

SCDEW is in agreement that, in many cases assessments are not being correctly analyzed and used to develop IEPs. SCDEW will procure and provide training by the end of Program Year (PY) 2013 to ensure that these skills are learned State-wide. Following the training, we will provide written guidance on the expectations to document the need and approval for training and other services. In addition, we will follow-up during monitoring and other onsite visits to provide technical assistance as needed.

ETA Response to Finding #10 - Determination: Based on the above, the finding is **corrected**.

Finding #11: Requirement to develop and disseminate training provider performance and cost information: WIA requires, as part of the required Statewide activities, that States must develop performance and program cost information for providers on the State's Eligible Training Provider List (ETPL), as described in 20 CFR 663.540. The State's waiver to be exempted from this requirement was denied in December, 2012, and the requirement to develop and disseminate State-wide provider consumer reports is in effect; 20 CFR 663.540; 20 CFR 665.200(b) (3).

Finding Recommendation #11: To comply with the WIA requirement, a State-wide consumer report must be developed to use in program selection and analysis. The report should be made widely available for all consumers. The framework for the type of performance data included in the consumer report, the measurement period and an implementation timeline should be addressed in the State's response to this Comprehensive Review.

South Carolina Corrective Action/Response Finding #11

The State has initiated efforts to develop and disseminate training provider performance and cost information. This is being conducted in several phases.

Phase I – This phase has been completed and involved local review and update of over 2,700 training programs on the Eligible Training Provider List (ETPL), indicating the current status of each provider and program (approved, not approved, provider no longer exists).

The Performance and Reporting Unit will conduct a webinar regarding further cleanup of information on the list by November 29, 2013.

Phase II – We will begin populating our Consumer Reporting System in SCWOS with WIA performance information. Geographic Solutions, Inc., our SCWOS database vendor, has been instructed to use WIASRD data to automatically calculate performance data for WIA participants who were part of any program on the ETPL. Geographic Solutions, Inc. has informed us that

enhancements in the next version of SCWOS, scheduled for release in late January 2014, will address much of this capability.

Phase III – We will continue to pursue the most efficient and economical means to address inclusion of universal performance information for programs on the ETPL. SCDEW garnered the support of the State Technical College System and applied for a Round 3 Workforce Data Quality Initiative grant to develop an automated process of data sharing and evaluation that would be mutually beneficial to the College System and WIA. Unfortunately, we were not awarded a grant. While current staff and fiscal resources limit moving forward with our WDQI plan, we are currently investigating other State Consumer Reporting Systems. We do appreciate the information regarding Tennessee's system, and have contacted them for further information. Our Labor Market Information Department here at SCDEW has assisted several technical colleges in the evaluation of specific training programs. We are exploring the potential to expand this in-house capability to advance the Consumer Reporting System and meet the needs of the State Technical College System. We believe a robust Consumer Reporting System will empower individuals to collect and compare offerings of training providers and their respective programs. This information, along with staff guidance and individual assessments, will help customers choose the best training programs and providers for their situation.

ETA Response to Finding #11 - Determination: Based on the above, the finding is **corrected**.

Finding #12: Requirement to Conduct Evaluations – WIA 136(e) and 20 CFR 665.200(d) require States to conduct evaluations of workforce investment activities for adults, dislocated workers and youth to help establish and promote continuous improvement with workforce services and activities. South Carolina has not conducted or provided information on what evaluations has been conducted.

Finding Recommendation #12: It is recommended that South Carolina conduct evaluation(s) of workforce activities necessary to improve system services as appropriate. One area of possible focus is youth. The State could conduct evaluations on the concentration of youth particularly older youth in the State and use the information to conduct targeted programs for talent development to meet the governor's strategic goals.

South Carolina Corrective Action/Response Finding # 12

South Carolina understands the importance of continuous improvement of workforce services and activities. In 2010, the South Carolina Department of Employment and Workforce were established as a cabinet agency of the Governor. Establishment of the agency brought Federal workforce programs – UI, WIA, TAA, and W-P, together under one roof to align and improve workforce services in the State. SCDEW, as well as the SWIB, continues to implement projects and processes that foster continuous improvement in the efficiency and effectiveness of the State-wide workforce investment system.

During PY 13, South Carolina will be implementing and evaluating South Carolina Works Centers and LWIAs against the SWIB approved South Carolina Works Certification Standards. The Standards, which consist of three parts - job seeker, business, and One-Stop management, will promote consistent and excellent services to end-user groups. The evaluation of South Carolina Works Centers and local workforce investment areas will help identify areas of opportunity for improvement in service delivery to businesses and job seekers and the management of One-Stops. All evaluations against the Standards are expected to be completed by June 30, 2014.

In addition, during PY 13, SCDEW will improve the Job Seeker and Business Satisfaction Surveys. The surveys measure customer satisfaction with services and assistance received through local South Carolina Works Centers. Data and feedback collected from the surveys will be used to identify process improvement needs and shape future plans and goals. The information will be shared with local workforce investment boards and their South Carolina Works Centers as a tool for recognition and improvement.

SCDEW will also seek additional evaluation opportunities, particularly regarding youth. With consideration of limited funding, in-kind and/or student research project ideas may be solicited to meet our needs.

ETA Response to Finding #12 - Determination: Based on the above, the finding is **corrected**.

Finding #13: Data mismatch is not reflective of actual performance. Violation of the 2012 REA grant-UIPL 10-12,5B.

Finding Recommendation #13: A programming team should be formed immediately to coordinate with the regional office and national office staff to correct the programming inconsistencies.

South Carolina Corrective Action/Response Finding #13

Prior to the implementation of the 2012 REA grant, the selection criteria used in South Carolina resulted in a mixture of participants with no common denominator. Improvements were made in 2012 to choose only lack of work claimants for both the treatment and comparison groups. Uniform interviewing procedures were also implemented, which we believe will yield more positive outcomes on the ETA-9129 Report. However, we have not seen the results due to the lag time associated with this report.

Although we have made improvements to the selection process, additional enhancements can be realized. South Carolina will form a programming team by November 15, 2013, and seek the guidance of the regional and national offices in this effort.

Additionally, South Carolina withdrew its request for 2013 REA SBR funding due to a slower than expected expenditure of funds from the 2012 grant. This factor was the reason for the extension request of the 2012 REA grant requested on June 21, 2013, not a data mismatch as Stated in the Comprehensive Review Report.

ETA Response to Finding # 13 - Determination: With the formation of the programming team, the finding is **partially corrected**. ETA requests the State to provide progress reports until the data on the quarterly ETA-9129 Reports reflects actual performance to deem this finding corrected.

Finding #14: The Sumter significant local office did not have a bilingual outreach worker staff on board at the time of the review.

Finding Recommendation #14: 20 CFR 258 requires that each significant local office have bilingual staff in order to adequately provide for services to migrant and seasonal farmworkers in the language that will ensure understanding of the services and benefits available to them.

South Carolina Corrective Action/Response Finding #14

SCDEW has made significant progress towards the recruitment of the Migrant and Seasonal Farm Worker (MSFW) staff in the Sumter significant local office. Interviews were conducted and a recommendation has been approved.

ETA Response to Finding #14 - Determination: Based on the above, the finding is **partially corrected**. ETA requests the State to provide the actual report on duty date of the Outreach Worker to deem this finding corrected.

Finding #15: An analysis of the grantee's performance management systems indicated that the grantee is not managing sub-grantee performance.

Finding Recommendation #15: 20 CFR 641.700-750 defines the performance management system for grants awarded by the USDOL and 20 CFR 641.700(d) indicates that core indicators of performance are applicable to grantees without regard to whether the grantee operates the program directly or through sub-contracts or sub-grants. Grantees are required to ensure that sub-grantees are collecting and reporting program data. To implement a performance management system to manage sub-grantee performance, we recommend that the grantee 1) set internal performance goals for sub-grantees, 2) compare performance outcomes with the performance outcomes of other States, 3) analyze how services are being charged to determine duplication of services and 4) utilize labor market information. State grantees can set additional performance measures, and can set goals for sub-grantees.

South Carolina Corrective Action/Response Finding #15

The SCSEP grantee will meet with sub-grantees individually on October 28 and 29, 2013. In preparation for the planning meeting, the SCSEP Program Manager will review and analyze data obtained from sub grantees' first quarter report and from SPARQ. For the meeting, sub-grantees will be asked to bring service area labor market data which will be used to determine the impact on SCSEP and potential areas of employment opportunities for participants. In addition, the SCSEP Program Manager will compare sub grantee performance outcomes to that of other States. During the meeting, internal goals will be established with each sub grantee. The results of the meeting will be summarized and sent to each sub-grantee with timelines. This process will be repeated quarterly.

ETA Response Finding #15 - Determination: Based on the above, the finding is **corrected**.

Finding #16: An analysis of sub-grantee enrollments indicate that the South Carolina SCSEP grants is currently under-enrolled. Both sub-grantees are currently under-enrolled but the Experience Works, Inc., sub-grantee is significantly under-enrolled.

Finding Recommendation #16: WIA 641.700 defines performance level standards for SCSEP grants and WIA 641.700 (5) specifically articulates a performance standard for enrollment: The implementation of a stronger performance management system would also assist the grantee with resolving under-enrollment issues since an enhanced analysis of Labor Market information would provide solutions for under-enrollment issues.

South Carolina Corrective Action/Response Finding #16

LGOA and sub-grantees have begun to implement strategies to address under-enrollment. The SCSEP Program Manager is more visible in the community, promoting SCSEP, identifying community partners and host agencies, working with neighborhood and senior groups, and

developing relationships with the aging network and faith-based organizations. SCSEP sub-grantees are developing more meaningful partnerships with LWIBs. Goodwill Industries, for example, is offering a cash incentive to their LWIBs for every person who is referred to SCSEP and subsequently receives unsubsidized employment. The cash incentive is not funded with SCSEP dollars. Outreach strategies are constantly being developed, and best practices in outreach and enrollment will be shared among sub-grantees.

The SCSEP Program Manager and SCDEW have begun discussions of how WIA, W-P, and other workforce programs can work more collaboratively which will increase referrals and SCSEP program participation. During PY 13, a training(s) will be coordinated among LWIA/SC Works Center staff and SCSEP sub-grantees to provide an overview of one another's programs and performance goals and learn how best to leverage resources and services.

The SCSEP Program Manager and sub-grantees will also review WIA 641.700. The Program Manager will monitor progress, monthly, by using the data in SPARQ.

ETA Response to Finding #16 - Determination: Based on the above, the finding is **corrected**.

Finding #17: The ETA reviewers found the SCDEW does not conduct checks and balances to ensure that the FARS and the SAP/SCEIS are reconciled at month's end and reflected accurately in the quarterly financial status report, ETA-9130, submitted to ETA and balancing the general ledger (29 CFR 97.30 (c)). No one at the SCDEW verifies and ensures at month end that there are no misapplied funds to the wrong program. Therefore, co-mingling and misapplying payments may occur.

Finding Recommendation #17: Monthly checks and balances to the General Ledger and ETA-9130 should be reconciled to FARS and SAP/SCEIS to ensure accuracy in compiling data reported on the ETA-9130.

An accountant should be assigned to perform the validation weekly or monthly prior to reporting on the quarterly financial report. This recommendation will enable the SCDEW to maintain accurate records and reporting in both accounting systems (FARS and SAP/SCEIS) and prevent the possibility of having excess cash on hand. Cash on hand in the amount of \$1,058,774.08 was reported on Grant #UI-18046-09-55-A-45 for several quarters without an explanation; therefore, if someone was conducting frequent checks and balances, the SCDEW could have prevented the excess cash on hand reported on quarter ending December 2012.

South Carolina Corrective Action/Response Finding #17

SCDEW disagrees with the finding as it pertains to the lack of FARS/SCEIS system reconciliations affecting the likelihood of misapplied or commingled funds. The FARS system is the agency's book of record for purposes of preparing all federally required financial reports (including the ETA-9130) as well as the annually audited financial Statements in accordance with generally accepted accounting principles.

The SCEIS system implemented by the State in 2009 is not capable of performing cost allocations in accordance with the agency's federally approved cost allocation methodology and is therefore only utilized as a means of payment disbursement. Since SCEIS is not currently functional for purposes of Federal grant accounting and reporting, its relevance to the accuracy and completeness of ETA-9130 reporting and proper segregation/application of Federal grant funds to allowable and allocable expenses only pertains to controls over cash disbursements. Cash balances, receipts, and disbursements are reconciled between the SCEIS and FARS systems each month to ensure that all revenues and expenditures are properly captured in both systems.

The monthly FARS GA-22 reconciliation performed by the General Ledger team acts as an additional check-and-balance to ensure items are appropriately posted in both the SCEIS and FARS system. The individual document number associated with each payment is captured in both the SCEIS and FARS systems and acts as a common data field to allow this reconciliation to be performed prior to the month-end closing and prior to the preparation of the ETA-9130. This reconciliation was explained to USDOL fiscal staff during their visit, although no documentation or illustration of the process was requested. These reconciliations between the SCEIS and FARS systems provide an acceptable method for ensuring that actual disbursements are properly and completely recorded in FARS for purposes of preparing the ETA-9130 reports.

By design, the agency's accounts payable staff is segregated to key invoices into our separate systems, providing the opportunity for pre-auditing of each invoice prior to the invoice being entered into the system and to maintain an adequate segregation of duties in the accounts payable area. This Review allows staff to confirm and validate that funds are applied to the appropriate funding source for each payment to ensure that all costs are necessary, reasonable, and allocated to the grant based on the benefit received in a consistent manner. The accounts payable manager gives final internal approval to all payments, acting as an additional layer of review to ensure costs are properly recorded to the appropriate fund source and expense line-item.

In addition, the SCDEW budget team analyzes each line item for each program on an on-going basis to identify unexpected variances for each Federal program. Any unexpected variances are submitted to the general accounting team for review to ensure the payment was properly recorded to the correct line item and funding source in a consistent manner and in accordance with Federal regulations and generally accepted accounting principles.

SCDEW acknowledges that the agency reported excess cash on hand on the ETA-9130 for several quarters without valid justification. This was an isolated occurrence, and SCDEW has implemented mitigating controls to ensure that amounts requested from the PMS system are verified and balanced to actual expenses. The Senior General Ledger Accountant completes a thorough reconciliation of the monthly expenses posted in FARS, the agency's system of record. The General Ledger Manager then uses these expense reports to calculate the amount of funds to request from PMS for the appropriate funding source. The Budget Manager reviews and verifies the amounts requested for each grant. Since this original issue was discovered, SCDEW has not experienced or reported other instances of excess cash on hand without a valid explanation.

ETA Response to Finding #17 - Determination: Based on the above, the finding is **corrected**.