



Department of
Job and Family Services

John R. Kasich, Governor
Michael B. Colbert, Director

October 26, 2012

Randall J. Meyer
State of Ohio
Office of the Inspector General
James A. Rhodes State Office Tower
30 East Broad Street – Suite 2940
Columbus, Ohio 43215-3414

Dear Inspector General Meyer:

This letter is in response to the Office of the Inspector General's report alleging failure to exercise adequate oversight of the Constructing Futures grants operated in central Ohio by the Associated Builders and Contractors, Inc (ABC) and the Construction Trades Network (CTN). File ID No: 2011-247. In the report, the Office of the Ohio Inspector General (OIG) recommended that ODJFS should:

1. Review the questioned costs to determine compliance under the terms of the grant requirements and request repayment.
2. Ensure consistent guidelines are maintained in the event of a change in grant managers.
3. Ensure monitoring visits occur during the grant period instead of at the end or after the grant has ended so grantees have an opportunity to correct non-compliance.

Background:

President Obama signed the American Recovery and Reinvestment Act (ARRA) into law on February 17, 2009. One month later on March 18, 2009, the U.S. Department of Labor (USDOL) issued Training and Employment Guidance Letter (TEGL) No. 14-08 to provide guidance on the implementation of the Workforce Investment Act and Wagner-Peyser Act Funding awarded through ARRA. This TEGL stressed four important policy guidelines two of which were increasing workforce system capacity and service levels, and the timely spending of the funds and implementation of activities. The TEGL also stressed the USDOL's desire for states to strive for US DOL's strategic vision, including increased partnerships in registered apprenticeship and to expand delivery of these services. The recommended strategies in the TEGL (page 11) requested leveraging and support for registered apprenticeship programs. The TEGL also encouraged states to expand services by including additional training providers and community organizations in the delivery of employment and training programs.

In response to the guidance issued by the USDOL Employment and Training Administration, the Ohio Department of Job and Family Services (ODJFS) set forth a plan to implement ARRA expeditiously, transparently with accountability and in the spirit of its intent to expand employment and training services in Ohio. One of the signature programs ODJFS designed was the Constructing Futures initiative, which was a program to bring low-income adults and dislocated workers into a pre-apprenticeship program to help them have the skills needed to bridge into the state's registered apprenticeship program. This initiative was launched with the release of a request for proposal that solicited proposals from qualified apprenticeship sponsors. The ODJFS program design also required partnership with the workforce system and evidence of partnership through the use of leveraged resources.

30 East Broad Street
Columbus, Ohio 43215
jfs.ohio.gov

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The ODJFS procurement process was successful whereby a number of proposals from eligible entities were received and subsequently subgrants were awarded.

In order to provide proper oversight of the Constructing Futures program, ODJFS took a number of actions to support the accountability, performance and transparency of the program.

- ODJFS conducted a full day of training for Constructing Futures grantees on December 22, 2009. This training included components on eligibility, data collection, fiscal requirements and monitoring. Grantees were provided with a CD including electronic copies of the federal regulations.
- Technical assistance was provided throughout the grant period to each sub-grantee on a case-by-case basis answering specific questions and providing clarification on both programmatic and fiscal implementation of the grant.
- Program monitors from ODJFS conducted an onsite review of both the ABC and CTN projects.
- Fiscal monitors conducted an onsite financial management review of COWIC and both the ABC and CTN projects.
- ODJFS conducted a statewide video conference to provide training on ARRA Section 1512 reporting requirements. As part of this training ODJFS provided templates to grantees to simplify reporting and provide consistency.
- Fiscal monitors conducted additional reviews to test for compliance with ARRA Section 1512 reporting requirements.

ODJFS Response to OIG Recommendations:

Recommendation 1

Review the questioned costs to determine compliance under the terms of the grant requirements and request repayment.

ODJFS Response

ODJFS reviewed the CTN questioned costs noted in the OIG report and has determined the costs were allowable and appropriate under the terms of the grant.

Phone Charges

The wireless invoice for the December 16, 2009 – January 15, 2010 time period clearly indicates the phone was purchased on January 14, 2010. This was after the issuance of the purchase order on January 6, 2010. Likewise the monthly access charges listed indicate a period of January 16, 2010 through February 15, 2010. While the billing cycle listed on the invoice covered a December 16, 2009 – January 15, 2010 time period, none of the charges were for costs that pre-dated the purchase order.

The OIG report also questioned the allocation of the costs to the Constructing Futures grant. ODJFS has determined that the costs were properly allocated. CTN acquired the wireless telephone for use by its outreach coordinator. This was necessary and reasonable because more than fifty percent of the coordinators role was spent conducting outreach activities away from the office. It was determined that a phone capable of receiving email and text messages would be best suited for the communication needs of the project. As the outreach coordinator's effort was directed to the Constructing Futures project, it is appropriate that the costs for the phone were allocated to the Constructing Futures project as well.

Leverage

ODJFS auditors specifically reviewed leverage when they conducted onsite monitoring for this program. The CTN project exceeded the leverage requirement for this grant by contributing an additional \$185,927.70 of resources to the project in addition to the \$697,183.89 of ARRA funding expended under the grant.

A portion of the leveraged resource for the project was the training wages paid by the apprenticeship sponsor/employers who provided paid work experience to participants. In some cases 100 percent of the training wages were paid by the sponsor. As such, 100 percent of those wages were correctly listed as leverage. In other cases, a portion of the wages were paid by the employer and \$5.10 was subsidized by the grant. In these cases, only the portion of the wage paid by the employer was counted as leverage. The leverage and specifically the leveraged wages were reviewed by ODJFS auditors at the time of their onsite review. The invoice documentation shows that CTN was billed just \$5.10 per hour and only the balance of the wages was reported as leveraged resources.

ODJFS has determined that the leverage was properly recorded and that CTN actually exceeded its leverage requirement under this grant.

Recommendation 2

Ensure consistent guidelines are maintained in the event of a change in grant managers.

ODJFS Response

In order to provide adequate administration of the ARRA projects, ODJFS expanded staffing levels through the hiring and training of intermittent staff. Staff assigned to the grant did change over time as permanent full-time staff replaced the limited term intermittent employees. ODJFS was able to provide consistent guidance to grantees as staff had adequate opportunity to transition the grants and worked together to ensure an effective handoff. The guidance forms and templates developed under the ARRA statewide youth project were later utilized in management of the Constructing Futures grant management process, which launched a quarter earlier than Constructing Futures. ODJFS asserts that consistent management practices were employed even when individual staff assignments changed.

Recommendation 3

Ensure monitoring visits occur during the grant period instead of at the end or after the grant has ended so grantees have an opportunity to correct non-compliance.

ODJFS Response

ODJFS conducted onsite financial monitoring in February 2011 and April 2011. Program Integrity reviews were conducted onsite in May 2011. The grant ended June 30, 2011. While early monitoring is of course preferred, ODJFS asserts that its monitoring practices are fully compliant with the requirements of A-133.

Closing:

ODJFS managed the Constructing Futures grants with fidelity. Grantees were provided with information on the federal requirements and received training by ODJFS program, fiscal and monitoring staff. ODJFS believes that it exercised more than adequate oversight of the Constructing Futures grant and further that the procedures employed by the agency were fully compliant with the requirements of the Office of Management and Budget (OMB) Circular A-133.

Sincerely,



John B. Weber
Deputy Director
Ohio Department of Job and Family Services
Office of Workforce Development