



**San Benito County Workforce Development Board
Audit Committee Meeting
1161 San Felipe Road, Building B - Hollister, CA 95023
June 14, 2022 @ 2:30 P.M.**

AGENDA

NOTICE OF TEMPORARY PROCEDURES FOR THE WORKFORCE DEVELOPMENT BOARD

Pursuant to California Governor Gavin Newsom’s Executive Order N-29-20 issued on March 17, 2020, relating to the convening of public meetings in response to the COVID-19 pandemic. Additionally, members of the WDB Board are allowed to attend the meeting via teleconference and to participate in the meeting to the same extent as if they were present.

The meetings are open to the public, under the following conditions: All Attendees may attend the Board meeting in person and follow the State guidelines. If an attendee is not fully vaccinated it is highly recommended that an attendee wears a face covering or face shield. All attendees must comply with any other rules of procedures/instructions announced by the WDB Board and/or County Staff.

Join Zoom Meeting

Join Zoom Meeting

<https://us06web.zoom.us/j/82879724296?pwd=RW93QkNxenUvSGpGa2FWVWhVNU14Zz09>

Meeting ID: 828 7972 4296

Passcode: 653048

One tap mobile

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I. AGENDA:

1. **Audit Committee:** Review and discuss the audit reports received for the following monitoring visits:
 - a. The State Compliance Review Division conducted the Fiscal and Procurement review from June 7, 2021 thru June 11, 2021. Final monitoring report **enclosed**.
 - b. The State Compliance Review Division conducted the Program review from January 21, 2020 thru January 24, 2020. Draft monitoring report **enclosed**.

II. ADDITIONAL INFORMATION:

III. ADJOURNMENT:





May 11, 2022

Enrique Arreola
Deputy Director
San Benito County Workforce Development Board
1111 San Felipe Road, Suite 108
Hollister, CA 95023

Dear Enrique Arreola:

FISCAL AND PROCUREMENT
85% FORMULA GRANT
FISCAL YEAR 2020-21
FINAL MONITORING REPORT

This final monitoring report is to inform you of the results of the Employment Development Department's Compliance Review Office (CRO) Enhanced Desk Monitoring Review (EDMR) of the San Benito County Workforce Development Board (SBCWDB) Workforce Innovation and Opportunity Act (WIOA) fiscal and procurement (F&P) systems for Program Year (PY) 2020-21.

Our review was conducted under the authority of WIOA, Sections 183(a) and 184(a)(4). The purpose of this review was to determine the level of compliance by SBCWDB with applicable federal and state laws, regulations, policies, and directives related to the WIOA grant, specific to financial management and procurement activities for PY 2020-21. The SBCWDB was awarded WIOA funds to provide centralized comprehensive workforce services to adults, dislocated workers, youth, and rapid response. The scope of the review covered the period of January 1, 2020 through December 31, 2020.

For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, financial reporting, expenditures charged to the WIOA grants, cost allocation, indirect cost rate, cash management, internal controls, and oversight of your subrecipients, audits, and debt collection. For the procurement portion of the review, we examined procurement transactions and property management.

The EDMR was conducted by Kathleen Doe from June 7, 2021, through June 11, 2021. The exit conference for this review was held on October 7, 2021. We collected

the information for this report through interviews with SBCWDB representatives; and by reviewing applicable policies, procedures, a sample of PY 2019-20 and PY 2020-21 expenditures and procurements, and your response to the F&P Monitoring Questionnaires.

FISCAL REVIEW RESULTS

We conclude that we did not identify any areas of SBCWDB not meeting WIOA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

We conclude that we did not identify any areas of SBCWDB not meeting applicable WIOA requirements concerning procurement.

Additionally, the CRO is making efforts to close out prior findings pending in the system. Below are open prior findings and their statuses. Prior findings will remain on draft and final reports until they are fully implemented.

PRIOR OPEN FINDINGS

Corrective Action Tracking System (CATS) Number: 19102

State Conclusion (when finding was established):

Because the SBCWDB did not respond to our draft monitoring report, we cannot resolve this issue. We will consider resolving this issue when SBCWDB provides a Corrective Action Plan (CAP) to the CRO to ensure that SBCWDB has done the following:

- Updated the property inventory log of WIOA-related purchased property missing required information as stated in the regulations to include manufacturer's serial number, model number, or other identification number, location, use, and condition of the property, ultimate disposition data including the date of disposal and the sale price for items purchased on or after July, 2015.
- Located the missing items located during the inventory review.

- Properly tracked the disposed items on the disposition log and proper disposition backup documents.
- Updated and tracked items that have been moved in a timely manner to ensure that the inventory log identifies the correct location of items.
- Conducted a physical inventory to ensure that the inventory records reflect factual information.
- Provided necessary training to individuals that are responsible for handling and maintaining the inventory logs.

Until then, this finding will remain open and has been assigned CATS number 19102.

Current Status Update:

During the PY 20-21 monitoring review, SBCWDB provided an updated inventory log dated May 10, 2022, with the required language (location/disposition) and the missing inventory information (inventory items #90.504, #90.643, #90.774, #90.814 and #90.915). This finding is considered resolved and closed.

SUMMARY

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all areas included in our review. It is SBCWDB's responsibility to ensure that the systems, programs, and related activities comply with the WIOA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SBCWDB's responsibility.

Enrique Arreola
May 11, 2022
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Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Kathleen Doe, Compliance Monitoring Analyst, at Kathleen.Doe@edd.ca.gov or myself at Natalie.Villanueva@edd.ca.gov.

Sincerely,

Natalie Villanueva

NATALIE VILLANUEVA, Chief
Compliance Monitoring and Resolution Section
Compliance Review Office

cc: Sylvia Jacquez, SBCWDB
Kathleen Doe, MIC 22M
Jennifer Fischer, MIC 50
Jennifer Gouvaia, MIC 50
Cindy Harrington, MIC 22M
Margo Hattin, MIC 22M
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April 15, 2022

Enrique Arreola
Deputy Director
San Benito County Workforce Development Board
1111 San Felipe Road, Suite 107
Hollister, CA 95023

WORKFORCE INNOVATION AND OPPORTUNITY ACT
PROGRAM YEAR 2019-2020
PROGRAM REVIEW
DRAFT MONITORING REPORT

Dear Enrique Arreola,

This draft monitoring report is to inform you of the results of the Employment Development Department, Compliance Review Office (CRO) review of San Benito County Workforce Development Board's (SBCWDB) Workforce Innovation and Opportunity Act (WIOA) program operations for Program Year (PY) 2019-20.

Our review was conducted under the authority of WIOA, Sections 183(a) and 184 (a)(4). The purpose of this review was to determine the level of compliance by SBCWDB with applicable Federal and State laws, regulations, policies, and directives related to the WIOA grant specific to financial management and procurement activities for PY 2019 - 20. The SBCWDB was awarded WIOA funds to provide centralized comprehensive workforce services to adults, dislocated workers, youth, and rapid response. The scope of the review covered the period of September 1, 2017 through August 31, 2019.

For this review, we focused on WIOA youth activities, including but not limited to the following areas: Workforce Development Board and Standing Committee composition, local program oversight and monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance, and complaint system, participant eligibility, and career services.

The on-site review was conducted by Mechelle Hayes and Kathleen Doe from January 21, 2020, through January 24, 2020. The exit conference for this review was held on January 24, 2020. We collected the information for this report through interviews with SBCWDB representatives; and by reviewing applicable policies,

procedures, a sample of PY 2017-18 and PY 2018-19 youth case files, and your responses to the Program Administration and Operations Questionnaire. We reviewed 20 case files for the 37 youth participants enrolled in the WIOA program for the scope of the review period.

PROGRAM REVIEW RESULTS

We conclude that SBCWDB did not comply with the requirements regarding Workforce Development Board (WDB) composition, individual service strategy (ISS), memorandum of understanding (MOU) and infrastructure funding agreement (IFA), activity code reporting, eligible youth referral process, participant signature on Individual Training Accounts (ITA), and self-attestation. The findings that we identified in these areas which require corrective action are specified below:

FINDING ONE

Criteria	Title 20 Code of Federal Regulations (CFR), Chapter V, Part 679, Subpart C, § 679.320(b) states, in part, "A majority of the members of the Local WDB must be representatives of business in the local area." The County of San Benito Workforce Development Board Bylaws state, in part, "the provisions of federal and state laws regarding membership must be met, but in no event shall the WDB have less than 19."
Condition	A majority of the SBCWDB are not representatives of local area businesses. There are only 17 total WDB members.
Cause	Currently, business only comprises 47-percent of the SBCWDB. The SBCWDB staff stated that due to the small number of businesses based in the local area it has been challenging to fill the vacancies on the local board and that the SBCWDB is consistently addressing the vacancies. Prior to the on-site review, WDB membership was an agenda item on the three previous SBCWDB meetings (June, October, and December 2019).
Corrective Action	The SBCWDB must provide CRO a corrective action plan (CAP), including a timeline, to fill the two vacant business seats in order to meet the business majority requirement as well as the 19

members required by the WDB By-Laws. The SBCWDB must provide CRO documentation of the appointments and a revised WDB roster.

FINDING TWO

Criteria	Title 20 CFR, Chapter V, Part 681, Subpart C, § 681.420(a)(2) states, in part, "The design framework services of local youth programs must...Provide for an objective assessment of each youth participant...and includes a review of the academic and occupational skill levels, as well as the service needs and strengths, of each youth for the purpose of identifying appropriate services and career pathways for participants and informing the individual service strategy...Develop, and update as needed, an individual service strategy based on the needs of each youth participant that is directly linked to one or more indicators of performance...that identifies career pathways that include education and employment goals, that considers career planning and the results of the objective assessment and that prescribes achievement objectives and services for the participant."
Condition	The Individual Service Strategy (ISS) does not demonstrate that all factors of the participant's objective assessment were considered and used to develop the ISS. Additionally, the ISS' are not being updated as needed and are not signed by the participant.
Cause	We reviewed 17 ISS' and found that most of the ISSs were not completed. Specifically, 9 of the 17 ISSs did not include any information in the Sequence of Services, Training Program Referrals, or Case Management – Progress Form sections. Additionally, 9 of the 17 of the individuals were participating in an activity (work experience, supportive service, job search, or a workshop) that was not included in the ISS. Most of the work experience and/or occupational skills training included start dates, but did not include end dates or address significant developments (drop out, completion, etc.) in the activity. All 17 participants were basic skill deficient, but this was not addressed in their ISS.
Corrective Action	The SBCWDB must provide CRO a CAP, including a timeline, to ensure that all fields in the ISS are completed and the participant's barriers are addressed. The CAP must also include

how it will ensure that the ISS is updated when an activity is started, ended, or there are significant developments in the activity. Finally, the CAP must include how the ISS for all currently enrolled youth participants will be reviewed and updated as needed.

FINDING THREE

Criteria

Title 20 CFR, Chapter V, Part 678, Subpart E, § 678.755(b) states, in part, "The MOU...must contain the following information... Identification of an infrastructure and shared services budget that will be periodically reconciled against actual costs incurred and adjusted accordingly to ensure that it reflects a cost allocation methodology that demonstrates how infrastructure costs are charged to each partner in proportion to its use of the one-stop center and relative benefit received."

Workforce Services Directive (WSD) 18-12, WIOA Memorandums of Understanding, states, in part, "For this MOU process, Local Areas must submit an MOU that addresses shared customers, services, and costs... The WIOA requires that every MOU contain an assurance that they will be reviewed and updated at least every three years. It is also required that the IFAs and Other System Costs Budgets be reviewed annually and if any substantial changes have occurred, be amended. The reviews should be ensuring accurate, up-to-date information regarding funding, delivery of services, additional partners, and any changes in the signatory official of the Local Board, CEO, or AJCC partners. In order to allow for state monitoring and policy development, all MOUs shall be effective on the same three year schedule starting on July 1, 2019... Attachments are available on the internet... Sample MOU Template... Sample IFA and Other System Costs Template."

Condition

The SBCWDB does not have a current, signed Memorandum of Understanding (MOU) or Infrastructure Funding Agreement (IFA) with all of its America's Job Center of California (AJCC) partners.

Cause

The SBCWDB operates one comprehensive AJCC. The SBCWDB provided two documents when we requested current MOU/IFA for this AJCC. The first document is titled "Phase II Memorandum of Understanding" and includes the IFA and Shared

Costs budget and has a term July 1, 2019, through June 30, 2022. The SBCWDB used the sample IFA and Other System Costs Template from WSD18-12 as the basis for this document. This document, however, is not signed by all the AJCC partners. The Phase II MOU is missing signatures from Gavilan College (representing Title II Adult Education and Literacy and Carl Perkins Career Technical Education), Peninsula Family Services (representing Title V Older Americans Act), EDD (representing Migrant Seasonal Farmworkers, Veterans, Trade Adjustment Assistance Act, and Unemployment Compensation), the local area's Chief Executive Officer (CEO), and the local workforce development board's Chairperson.

The second document is a MOU that includes the required MOU elements except the IFA and Shared Cost Budget. This MOU includes, but is not limited to, the following required sections: methods for referring customers, shared technology and system security, confidentiality, grievance/complaints, supervision/day to day operations, and dispute resolution. The second document has a term of July 1, 2016, through June 30, 2019 and was signed in 2016.

According to SBCWDB staff, the Phase II MOU document was submitted to the EDD Regional Advisor by June 30, 2019; the MOU was accepted by the EDD Regional Advisor and SBCWDB was not notified that anything was missing.

The SBCWDB also provided a printed copy of an email dated November 7, 2019, from SBCWDB's Regional Advisor to SBCWDB's Deputy Director. This email states, in part "Attached are the revised, correction versions of your MOU and IFA agreements. While the substance of the agreements and the partners remain the same, the change in the term dates constitutes a new agreement and, therefore, must be signed by all parties."

Corrective Action The SBCWDB must provide CRO a CAP, including a timeline, to review its MOU, IFA and Other Shared Costs budget and obtain signatures from all partners. The review should ensure that the MOU/IFA includes accurate, up-to-date information regarding funding, delivery of services, additional partners, and any

changes in the signatory office of the Local Board, CEO, or AJCC partners. The SBCWDB must provide CRO a copy of the signed, revised MOU, IFA and Other Shared Costs budget upon completion.

FINDING FOUR

Criteria

Title 20 CFR, Chapter V, Part 677, Subpart C, § 677.205(a) states, in part, "Each local area in a State under WIOA title I is subject to the same primary indicators of performance for the core programs for WIOA title I...that apply to the State."

Title 20 CFR, Chapter V, Part 677, Subpart F, § 677.240 states, in part, "States must...ensure that they submit complete annual performance reports that contain information that is valid and reliable."

The EDD's WSD 19-06, CalJOBSSM Activity Codes, states, in part "The use of activity codes has a direct relationship to federal reporting and WIOA performance indicators, and should be evaluated closely to ensure the service provided aligns with the definition of the activity code selected for entry into CalJOBS...To ensure the EDD reports accurate data to the DOL, each CalJOBS activity code's definition was closely reviewed to ensure the definition clearly reflected the intent behind the service provided, and met the requirements of the program(s)... Supportive services should be entered in CalJOBS and tracked based on Local Area policy...Most activity codes have been set to a one day service."

The EDD's WSD 19-03, Performance Guidance, states, in part, "The WIOA strives to ensure federal investments in employment and training programs are evidence-based, data-driven, and accountable to participants and tax-payers. One way WIOA strives to accomplish this is by requiring the core programs to report on common performance indicators...All performance measures (for both participants and employers) are quantified by the data that is entered into CalJOBS. Therefore, it is mandatory that all performance related data (e.g. activity codes, MSGs, credentials, etc.) are entered accurately."

Condition	Youth participants who received a supportive service and/or an incentive payment were not entered into CalJOBS SM as activities.
Cause	We reviewed four youth case files where the participant received a supportive service or incentive payment, but the participant was not enrolled in that activity in CalJOBS SM . When we reviewed the entire participant roster for the period September 1, 2017 through August 31, 2019, we found that none of the participants on the roster (Adult, Dislocated Worker or Youth) were enrolled in a supportive service or incentive activity.
Corrective Action	The SBCWDB must provide CRO a CAP, including a timeline, to: (1) ensure that all participants who receive a supportive service or incentive payment are enrolled in the appropriate activity code in CalJOBS SM , (2) ensure that the supportive service or incentive payment activity code reflects the actual date the participant received the service or payment, and (3) review all active case files and, if the participant has received a supportive service or incentive payment, enroll that participant into that activity.

FINDING FIVE

Criteria	<p>Title 20 CFR, Chapter V, Part 681, Subpart C, § 681.420(d-e) states, in part "Local WDBs must ensure that WIOA youth service providers meet the referral requirements...for all WIOA youth participants including...Referring these participants to appropriate training and educational programs that have the capacity to serve them on a sequential or concurrent basis...If a youth applies for enrollment in a program of workforce investment activities and either does not meet the enrollment requirements for that program or cannot be serviced by that program, the eligible training provider of that program must ensure that the youth is referred for further assessment, if necessary, or referred to appropriate programs to meet the skills and training needs of the youth."</p> <p>Department of Labor's Training and Employment Guidance Letter 08-15 states, in part, that "'states and local areas may spend up to 100 percent of their local area youth funds on OSY if they choose.' However, states and local areas should keep in mind the requirement in WIOA Section 129(c)(3)(B) that each eligible provider of a program of youth workforce investment activities shall ensure that an eligible applicant who does not meet the</p>
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enrollment requirements of the particular program or who cannot be served shall be referred for further assessment, as necessary, and referred to appropriate programs. States and local areas must ensure that those eligible youth, including ISY, that are not enrolled in the program are appropriately referred to alternative programs.”

Condition The SBCWDB has chosen to only serve Out-of-School Youth (OSY), but did not provide the referral process that would be used to refer eligible In-school Youth (ISY) to an alternative program.

Cause The SBCWDB staff stated that due to limited WIOA youth funds, the local board decided to provide only OSY services with WIOA funds. The SBCWDB staff stated that it provides services for individuals who qualify as a WIOA ISY by using non-WIOA funds. We requested copies of any applicable policies and referral forms but, these were not provided.

Corrective Action The SBCWDB must provide CRO a CAP, including a timeline, to document the referral process that is used to refer eligible youth, who cannot be served in SBCWDB WIOA youth program, to appropriate alternative programs.

FINDING SIX

Criteria Title 2 CFR, Chapter II, Part 200, Subpart E, § 200.400(a) states, in part, “The application of these cost principles is based on the fundamental premises that...The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.”

Title 2 CFR, Chapter II, Part 200, Subpart E, § 200.403(g) states, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards...Be adequately documented.”

Title 20 CFR, Chapter V, Part 680, Subpart C, § 680.340(a) states, “Training services, whether under ITAs or under contract, must be provided in a manner that maximizes informed consumer choice in selecting an eligible training provider.”

Condition The SBCWDB does not require the youth participant’s signature on the Individual Training Account (ITA).

Cause The SBCWDB staff stated that there are contract provisions included in the ITA that would not be appropriate to provide the participant. The ITA is signed by the training provider, SBCWDB staff, and a representative of San Benito County Counsel's Office, but not the participant. Since the ITA is the official, final agreement for the training, it should be signed by all affected parties, including the local area, training provider, and participant. The ITA also includes: the name of the training provider, the name of the program, the duration of the program, the training costs, the terms of the agreement, the start and end dates of the training, and the address of the training facility. The participant should be informed of the information included in the final agreement.

Participants who receive an ITA do sign the following forms: WIOA Individual Training Account (ITA) Participant Agreement, Individual Training Account (ITA) Expense CAP Form, and Process for Award of ITA Vouchers (Training Scholarship). These documents, however, do not include all of the information included in the ITA. For example, these documents do not include: the duration of the program, the complete training costs, the terms of the agreement, the start and end dates of the training, or the address of the training facility.

Corrective Action The SBCWDB must provide CRO a CAP, including a timeline, to revise the ITA to include the participant's signature demonstrating that the participant has been informed of what is included in the final agreement.

FINDING SEVEN

Criteria Title 20 CFR, Chapter V, Part 681, Subpart B, § 681.210 states, in part, "An OSY is an individual who is...Not attending any school...Not younger than 16 or older than 24 at time of enrollment...and...One or more of the following...A recipient of a secondary school diploma or its recognized equivalent who is low-income individual and is either basic skill deficient or an English language learner."

The WSD 15-14, WIOA Adult Program Priority of Service states, in part, "self-attestation is not to be used as the primary method of gathering documentation to verify data elements. Self-attestation as a documentation source is only to be used when the preferred options of paper documentation or third party corroboration are not available."

Condition The SBCWDB uses self-attestation from a pre-application questionnaire to verify that a youth applicant has received a secondary school diploma or its recognized equivalent.

Cause We reviewed nine case files who were determined eligible based on the criteria of being a recipient of a secondary school diploma or its recognized equivalent and basic skill deficient. The receipt of a secondary school diploma or its recognized equivalent was verified via self-attestation for all nine participants; self-attestation is not to be used as the primary method of gathering documentation to verify data elements.

Corrective Action The SBCWDB must provide CRO a CAP, including a timeline, to ensure that self-attestation is not used as the primary method to verify a participant's receipt of a secondary school diploma or its equivalent.

Prior Open Findings

Corrective Action Tracking System (CATS) Number: 19088

State Conclusion: The stated corrective action for this finding should be sufficient to resolve this issue. However, we cannot close this issue until we receive a WDB roster demonstrating all required vacant seats identified above have been filled. Until then, this issue remains open and has been assigned CATS number 19088.

Status: The SBWDB corrective action plan stated that all WDB vacancies would be filled by December 31, 2019. As of January 24, 2020, the local WDB had two vacant business seats. As of the 2019-20 program review, the corrective action for this finding has not been implemented. Therefore, this finding remains **open**.

Corrective Action Tracking System (CATS) Number: 19089

State Conclusion: Based on your response, we cannot resolve this issue at this time. We again recommend that SBCWDB revise its WDB by-laws to address the alternative designee process that will be used when a WDB member is unable to attend a meeting and assigns a designee, and the use of technology, such as phone and web-based meetings, that will be used to promote WDB member participation. Additionally, we recommend the SBCWDB provide CRO a copy of the revised WDB by-laws. Until then, this issue remains open and has been assigned CATS number 19089.

Status: During the program year 2020-21 WIOA program review, the SBCWDB provided a copy of its revised WDB by-laws that includes the required provisions. The revised by-laws were approved by the SBCWDB on June 9, 2020. Based on the information provided, we consider this finding **closed**.

Corrective Action Tracking System (CATS) Number: 19090

State Conclusion: The stated corrective action for this finding should be sufficient to resolve this issue. However, we cannot close this issue until we receive a copy of the revised PII policy to include all of the compliance areas covered in TEGL 39-11. Until then, this issue remains open and has been assigned CATS number 19090.

Status: During the program year 2020-21 WIOA program review, the SBCWDB provided a copy of its revised PII policy and procedures that includes the required provisions. Based on the information provided, we consider this finding **closed**.

Corrective Action Tracking System (CATS) Number: 19091

State Conclusion: Based on your response, we cannot resolve this issue at this time. Although incentive payments are allowable for youth participants, they are not allowable for adult and dislocated worker participants. Again, we recommend SBCWDB discontinue the practice of providing incentive payments to adults and dislocated workers. And for the six incentive gift cards (total of \$150) identified during the review, SBCWDB needs to reverse the charges, assign them to a non-federal grant and provide CRO documentation of the

re-assignment. Until then, this issue remains open and has been assigned CATS number 19091.

Status: The SBCWDB stated it has an approved policy from the Board to authorize issuance of incentive payments to adults and dislocated workers. The SBCWDB believes this is necessary and reasonable for the performance of the federal award. Based on additional review of legal requirements, we determined SBCWDB's issuance of incentive payments to adults and dislocated workers to be in compliance. We consider this finding **closed**.

Corrective Action Tracking System (CATS) Number: 19092

State Conclusion: Based on your response, we cannot resolve this issue at this time. Unfortunately, lack of knowledge regarding the supervisors' relationship to the work experience participant is not a regulatory justification to allow the costs incurred. Therefore, we again recommend that SBCWDB reverse the charges of the work experience wages (\$6,114.13) and assign them to a non-federal grant and provide CRO documentation of the re-assignment. Additionally, we recommend SBCWDB provide the CRO with a copy of the revised nepotism notice that includes the prohibition of allowing immediate family to directly supervise or be supervised by immediate family. Until then, this issue remains open and has been assigned CATS number 19092.

Status: The SBCWDB stated they do not agree they should reverse the charges for the work experience wages (\$6,114.13) and the supportive services (\$483.31) as SBCWDB did not discover the work experience site supervisor was the participant's father-in-law until December 19, 2018. At that point the participant had already completed 555.83 hours of work experience at \$11.00 resulting in the (\$6,114.13). As soon as the SBCWDB discovered the nepotism the participant was immediately removed. The SBCWDB agrees to revise the nepotism notice provided to participants so that it includes the prohibition of allowing immediate family to directly supervise or be supervised by immediate family. The SBCWDB stated it would provide a revised copy of its nepotism notice to the State by January 31, 2020. On April 15, 2022, the SBCWDB provided the CRO an updated San Benito County WIOA Work Experience Program Worksite Agreement template that contains

the required revised nepotism notice verbiage. Based on the information reviewed, we consider this finding **closed**.

Corrective Action Tracking System (CATS) Number: 19093

State Conclusion: The stated corrective action for this finding should be sufficient to resolve this issue. However, we cannot close this issue until we receive a copy of the revised work experience contract to include the above verbiage. Until then, this issue remains open and has been assigned CATS number 19093.

Status: The SBCWDB stated it would revise the work experience contract to include verbiage that shows a planned and structure learning work experience and provide a copy to the State by January 31, 2020. As of the 2019-20 program review, SBCWDB has not provided a copy of the revised work experience contract. Therefore, this finding remains **open**.

Summary

We provide you up to 25 working days after receipt of this report to submit your response to the CRO. Therefore, please submit your response by **May 20, 2022** to PACBCROComplianceMonitors@edd.ca.gov. If we do not receive a response by this date we will release this report as the final report.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all areas included in our review. It is SBCWDB's responsibility to ensure that the systems, programs, and related activities comply with the WIOA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SBCWDB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mechelle Hayes, Compliance Monitoring Analyst, at Mechelle.Hayes@edd.ca.gov or Melissa McDaniel, Compliance Monitoring Unit Manager, at Melissa.McDaniel@edd.ca.gov.

Enrique Arreola
April 15, 2022
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Sincerely,

Margo Hattin

MARGO HATTIN, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Kathleen Doe, MIC 22M
Jennifer Fischer, MIC 50
Jennifer Gouvaia, MIC 50