

KANSAS DEPARTMENT OF COMMERCE
REGULATORY COMPLIANCE UNIT
LEGAL SERVICES



WIOA MONITORING SUMMARY REPORT

LWDA IV KEY PROVISIONS / FINANCIAL / TITLE I
ADULT, DISLOCATED WORKER AND YOUTH
PROGRAMS REVIEW

JANUARY 2026

REPORT # 01/23/26

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EXECUTIVE SUMMARY

The Kansas Department of Commerce Regulatory Compliance Unit (CRC) reviewed LWDA IV for compliance with Workforce Innovation and Opportunity Act (WIOA) Title I Key Program and Financial Provisions and other applicable Federal and State rules and regulations including service provision, adherence to uniform administrative and audit requirements, and compliance with Equal Opportunity and Non-Discrimination provisions. CRC conducted this monitoring review utilizing information provided by Workforce Alliance of South-Central Kansas, Inc. (WA Inc.) on behalf of Kansas Local Workforce Development Area IV (LWDA IV). The Local Workforce Development Board (LWDB) has contracted with Workforce Alliance of South-Central Kansas to provide WIOA Adult, Dislocated Worker, and Youth services. LWDA IV operates four American Job Centers (AJC) for customers to receive WIOA and partner program services. This Executive summary details CRC's initial observations which were provided to Workforce Alliance senior administration for response prior to report publication. CRC presents one finding, three areas of concern and two best practices/program highlights.

CRC Finding #1 – Compliance with **KANSASWORKS** State Board (KWSB) Training Expenditure policy 5-08-00

Condition: CRC observed local methodologies to document total expenditures, training expenditures and supportive service expenditures in the Chart of Accounts. However, the LWDB does not maintain a policy that at a minimum has a methodology that will be used to document procedures for entering training-related costs into a participant's record, and procedures for tracking total training and training-related costs. Also, the LWDA's local plan does not describe how the 40% adult and dislocated worker training expenditure rate will be accomplished.

Cause: The local area was unaware of the requirements to maintain policies and procedures for the determination of training and training-related cost.

Criteria: **KANSASWORKS** State Board (KWSB) policy 5-08-00 requires all local boards to develop and maintain a policy and local operating procedures for the determination of training and training-related cost. The policy must, at a minimum, include:

1. Methodology that will be used to document total expenditures. At a minimum, total training and training-related expenditures allocable to Adults and Dislocated workers divided by the total expenditures allocable to Adults and Dislocated workers equals training expenditure rate.
2. Methodology that will be used to document direct training and supportive services expenditures.
3. Procedures for entering training-related costs into a participant's record.
4. Procedures for tracking total training and training-related costs, by participant and local area, whether or not the payment mechanism chosen is an individual training account.

KWSB policy 5-08-00 also requires the LWDB to describe in the local plan how the 40% adult and dislocated worker training expenditure rate will be accomplished, including whether the 40%

expenditure rate will be calculated on all funds expended by the local board or only WIOA Title I expenditures.

Corrective action: The LWDB must create procedures for entering training-related costs into a participant's record and procedures for tracking total training and training-related costs by participant and local area. The LWDB must also need to describe how it plans to accomplish the required 40% training expenditure rate in the local plan.

LWDA IV response: Workforce Alliance has established the *Program/Client Fiscal Protocol* as well as the *Budget Creation, Modification and Deobligation Protocol* to provide guidance on entering training related cost into participant records as well as tracking training and training-related cost by participant. The requirement for a description of how the LWDB plans to accomplish the 40% training expenditure rate was not in the State's Local Plan guidance. However, staff understand that there may be a 2026 modification to the State Plan. If that is the case, the Workforce Alliance will include the description in the modification.

CRC response: CRC is satisfied with the local area response and considers this finding resolved.

Areas of Concern and Recommendations

#1 – One Stop Operator (OSO) Procurement – Federal regulations at 20 CFR 678.605 state the LWDB must select the OSO through a competitive process at least every four years. Section C of the OSO contract states the contract shall be effective June 1, 2024, through June 30, 2028, with an option to extend for one additional year. The language in the contract could make the LWDB out of compliance if they opted to extend the contract for the additional year.

Recommendation: CRC recommends Workforce Alliance either amend the contract to remove the language about extending the contract another year, or at the least making a notation on their copy of the contract not to extend the current contract an additional year.

LWDA IV response: The OSO position description has recently changed as have other aspects of the contract. It will need to be amended to include those changes; the language about extending the contract an additional year will be removed at that time.

#2 – Dislocated Worker Eligibility – KANSASWORKS State Board (KWSB) policy #5-05-00, and WIOA sec. 3(15) lists five definitions of participant eligibility for the dislocated worker target group. Of the five dislocated worker files reviewed, CRC observed the following two files that lacked proper eligibility documentation.

PID #2655487- The file did not have documentation of the participant's dislocation event with their employer to establish eligibility for the dislocated worker target group. The local area utilizes a Dislocated Worker (DW) Program Eligibility Checklist when assessing a participant. However, this participant file did not contain a DW Program Eligibility Checklist.

PID #1740631- The file contained a self-attestation form that only stated the participant is not allowed to return to their previous employer to document the participant is unlikely to return to a

previous industry or occupation. The prohibition from returning to a single employer does not meet the eligibility criteria for determining that the participant is unlikely to return to a previous industry or occupation.

Recommendation: CRC recommends the local area conduct training for case managers on dislocated worker eligibility. Additionally, CRC recommends the local area examine the Career DWG Program Eligibility form against the recently released USDOL Core Monitoring Guide (revised July 2025) participant file review forms to make sure their checklist is as up to date as possible.

LWDA IV response:

PID 2655487 – Staff reviewed the documents in the Monitor Vault in M-Files and found only two documents. However, the customer’s full file, including the CDWG eligibility file that houses the dislocation documentation, is in the Archive. Staff believe this was a technical issue rather than a programmatic failing.

PID 1740631 – This customer was enrolled in the Midwest Urban Strategies CDWG, the requirements of which were the self-attestation form mentioned by the monitor. The CDWG program has ended and the WA is no longer a partner with MUS. That said, the WA will be implementing an internal Performance Improvement Plan to address WIOA Performance shortfalls, and DW training will be a part of that plan.

#3 – Data collection and reporting – WIOA sec. 185(d)(1)(C), KWSB data collection policy 5-32-00, and KWSB Management Information System (MIS) manual require reporting outcomes of the programs and activities for the participant under a standard management information system for establishing performance reports to send to the federal government.

The local area was crediting a participant with achieving the credential “occupational certificate” in the state’s MIS system, **KANSASWORKS.com**, when the participant received a certificate of completion from the training provider after finishing an OST in an occupation that required licensure for employment.

USDOL TEGL #10-16 change 3 and **KANSASWORKS** WIOA Guidance Letter #25-01 list the following types of acceptable credentials:

- Secondary school diploma or recognized equivalent
- Associate degree
- Bachelor’s degree
- Graduate degree for the purposes of the VR program
- Occupational licensure
- Occupational certificate, including Registered Apprenticeship and Career and Technical Education educational certificates
- Occupational certification
- Other recognized certificates of industry/occupational skills completion sufficient to qualify for entry-level or advancement in employment

Per **KANSASWORKS** WIOA Guidance Letter #25-01, In certain instances, a training provider will issue a Certificate of Completion after a participant has completed a training program. Generally, a Certificate of Completion *does not count* as a credential as Certificates of Completion do not fall within one of the 8 categories listed above.

PID 1740631 – This participant completed training with an industry recognized licensure. The credential was marked as obtained in **KANSASWORKS.com** (the state’s MIS system that reports are pulled from), but the participant was not reported in the state’s MIS system as having achieved a Measurable Skill Gain for completing training. When PID #1740631 entered training, a measurable skill gain goal was not entered into **KANSASWORKS.com** and upon exit the *Training Closure of Services* form has the section *have all Measurable Skill Gains been closed as Attained or Set but Not Attained* checked YES.

Recommendation: CRC recommends the local area add a section to their *Initial Financial Assistance Request* checklist form to include a section that asks the case manager if a measurable skill gain goal has been set in **KANSASWORKS.com**. CRC also recommends that when a *Training Closure of Services* form is approved the exit specialist checks the MIS that all credentials and MSGs are marked appropriately.

LWDA IV response: Regarding the first observation, LWDA IV informed CRC they already met with the Commerce WIOA Policy Manager to clarify what counts as a credential. CRC considers this matter resolved but will follow-up on credential attainment in future reviews.

PID 1704631 – This customer exited shortly after the WA transitioned the task of MSG goal entry to Case Managers, so the missed goal is likely due to the change. However, the WA provides guidance (*Measurable Skill Gains Entry in KW*), to direct Case Managers in the process.

Best Practices/Program Highlights

- Workforce Alliance (WA) has a One-Stop Integration policy which seamlessly blends the WIOA program with the required partners. They use a functional group model to deliver integrated services where the staff is organized by services provided rather than by program. This allows customers to be co-enrolled across programs with minimal to no duplication of enrollment paperwork and allows staff to provide consistent services without concern for programmatic guidelines.
- When making the list of careers eligible for training, the local area not only examines the economic data to determine on-demand industries, but they also look at whether the occupation has a self-sufficient wage. On-demand jobs that do not have a self-sufficient wage are not eligible for training.

BACKGROUND

The United States Congress enacted the Workforce Innovation and Opportunity Act (WIOA) to reform federal job training programs and strengthen the workforce investment system. The vision of WIOA is to have a collaborative effort between the Department of Labor, Education and the Health and Human Services deliver an integrated and job-driven workforce system linking the workforce to our nations businesses. Final WIOA rules were published in the Federal Register on August 19, 2016, to provide program implementation. WIOA is designed to help job seekers access employment, education, training and support services to succeed in the labor market and to match employers with the skilled workers needed to compete in the global economy. WIOA brings together and coordinates the core programs of Federal investment in skill development:

- Employment and training services for adults, dislocated workers and youth and Wagner-Peysner employment services administered by the United States Department of Labor (USDOL) through formula grants to states.
- Adult education and literacy programs and Vocational Rehabilitation state grant programs administer by the United States Department of Education.
- Programs for specific populations, including the Job Corps, Youth Build, Indian and Native Americans and Migrant and Seasonal Farmworker programs as well as evaluation and multistate projects administered by USDOL.

REVIEW SCOPE

Commerce, the Governor's designated WIOA grant funds recipient, monitors three Kansas local workforce development areas (LWDA) for compliance with the Act's federal rules and regulations addressing program service provision, adherence to uniform administrative an audit requirements and compliance with non-discrimination and equal opportunity provisions. Commerce's Regulatory Compliance Unit (CRC) completes this requirement through regular program and administrative reviews which may include any or all grant program administrative components. CRC documents monitoring results through summary reports disseminated for response and reference during corrective action proceedings, if necessary. CRC reviews various documents to prepare for onsite reviews which may include but are not limited to:

- Workforce Innovation and Opportunity Act of 2014 final rules
- 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Office of Management and Budget Uniform Guidance and Related Guidance Documents
- Previous monitoring reports and Training and Guidance Letters (TEGL) issued by the U.S. Department of Labor Employment and Training Administration (USDOL/ETA), Commerce Regulatory Compliance Unit, or other independent entity.
- Kansas Department of Commerce WIOA Policies and Procedures
- Local Area Workforce Development Plans and Policies and Procedures Manuals
- Sub-recipient submitted monthly fiscal and performance reports

Entrance Conference

CRC initiated a desk review of policies, agreements, and file reviews and then conducted an on-site interview in October 2025 at the Wichita Workforce Center. CRC staff Chad Hagedorn and John Ybarra convened with Chad Pettera (Vice President/COO), Denise Houston (Director of Career and Training Services), and Janet Sutton (Policy and Technical Assistant Manager) to discuss WIOA program operations, trending economic conditions, financial management operations, and questions from the desk review. During the entrance conference, CRC toured the workforce center and observed WIOA's required one-stop partners¹.

I. Entity Structure

Section 106 of WIOA Law requires the State to designate local workforce development areas within the State. The State Plan divided the State's 105 counties into five workforce development areas. Recently, three of the workforce development areas have consolidated into one area. Kansas Workforce Development Area IV is home to six of these counties located in the Southcentral part of the state. The WIOA program in this region is implemented through the following structures: Chief Elected Officials Board (CEOB), Local Workforce Development Board (LWDB), staff to the LWDB, a One Stop Operator (OSO), and committees to the LWDB.

Chief Elected Officials Board

To Comply with WIOA sec. 107 (c)(1)(B), a chief elected official of each county has entered into a Chief Elected Official Board Agreement with Workforce Alliance that describes the duties of the CEOB, the city of Wichita has also agreed to be a part of the CEOB. The agreement states each county may appoint up to two members and that the CEOB will be comprised of at least six members and no more than fourteen members. CRC reviewed the agreement against the required duties of the CEOB set forth in **KANSASWORKS** State Board Policy #5-02-00.

Observations:

- The current CEOB agreement is effective until it expires June 30, 2026, and explains the respected roles of the CEOB:
 - Board member selection process
 - Appointment process for the LWDB
 - Assumption of liability for WIOA Title I funds by serving as the fiscal agent.
 - Repayment process of disallowed funds
 - Operations oversight and financial audits
 - The CEOB receives formal reporting from the fiscal manager, OSO, and LWDB during quarterly board meetings
- Workforce Alliance supplied CRC with signed CEOB agreements from each of the six counties in LA IV and the City of Wichita. The CEOB roster on the Workforce Alliance website has twelve members.

¹ <https://www.ecfr.gov/current/title-20/chapter-V/part-678/subpart-B/section-678.400>

- The CEOB meetings are open to the public with times and location posted at <https://workforce-ks.com/>

Local Workforce Development Board (LWDB)

Per the CEOB agreement and **KANSASWORKS** State Board policy #5-02-00, the CEOB appoints members to serve on the LWDB. Members selected are nominees from businesses, labor organizations and community organizations. Members of the LWDB serve three-year terms, staggered so each year only about one-third of the members terms expire. The duties and requirements of the LWDB are explained in the bylaws of The Workforce Alliance of South Central Kansas, Inc., the CEOB/LWDB joint agreement, and the local plan. CRC reviewed each of these documents.

Observations:

- The LWDB consists of thirty members. LWDA IV satisfies the board member requirements in 20 CFR 679.320 by having: seventeen members from the business community, seven members from workforce representatives, one member from adult education, two members representing higher education, one member of economic and community development, one member from the Wagner-Peyser program, and one member from the Vocational Rehabilitation program.
- Article III of the LWDB Bylaws establishes policy to meet the requirements 20 CFR 679.390 that makes available to the public on a regular basis information about the LWDB activities. This information is available on the Workforce Alliance website.
- The LWDB Bylaws section 8.6 establishes policy for LWDB members to announce a conflict of interest and abstain from voting on such matters that they might reasonably be expected to benefit from.
 - Workforce Alliance provided CRC with signed copies from each LWDB member the Code of Business Conduct and Ethics policy.
- The CEOB/LWDB agreement establishes the ability for the LWDB to hire staff to assist carrying out the functions described in WIOA sec.107(d).
 - Per 20 CFR 679.400, the local area has established a set of qualifications for each staff member to the board.

One-Stop Operator (OSO)

During program year (PY) 2023, the roles and duties of the One Stop Operator (OSO) were performed by Eckerd Youth Alternatives Inc., d.b.a. Eckerd Connects and Goodwill Industries of Kansas, Inc. under contracts with the LWDB. The contract with Eckerd Connects was effective July 1, 2021, through June 30, 2024, but during PY 2023 the OSO personnel had changed twice and Eckerd Connect decided to terminate the contract in January of 2024. In December 2023, Workforce Alliance released a request for proposal (RFP) was released to the public, and in May of 2024 contracted with Goodwill Industries of Kansas, Inc to be the new OSO. This RFP was scheduled for release to the public prior to Eckerd Connects terminating their contract as part of

regularly scheduled business. CRC reviewed the RFP documentation from the process and the CEOB and One-Stop Operator agreement to ensure compliance with 20 CFR 678.600-630, 2 CFR 200.320, and WIOA sec. 107 and sec. 121.

Observations:

- Goodwill Industries of Kansas, Inc. was selected as the OSO as they were the only company to submit a bid to Workforce Alliance’s RFP.
 - The RFP was released to the public through the Kansas Register website, Midwest Urban Strategies published a notice to their network and Workforce Alliance distributed the announcement through an email to their list of vendors who have signed up to be notified of RFPs.
 - The OSO contract correctly labels Goodwill Industries of Kansas, Inc. as a subrecipient. The contract describes the role and functions of the OSO and what activities the OSO is not permitted to perform.
- **Area of Concern #1: One Stop Operator (OSO) Procurement** – Federal regulations at 20 CFR 678.605 state the LWDB must select the OSO through a competitive process at least every four years. Section C of the OSO contract states the contract shall be effective June 1, 2024, through June 30, 2028, with an option to extend for one additional year. The language in the contract could make the LWDB out of compliance if they opted to extend the contract for the additional year.

Committees- WIOA sec.107(b)(4) and 20 CFR 679.360 permit a LWDB to establish standing committees to assist the LWDB in carrying out its responsibilities. Furthermore, the CEOB bylaws, LWDB bylaws, and local plan establishes the allowance of standing committees to assist in overseeing the operations of the workforce system. The local area has established an Executive committee, Program Operations and Performance committee and a Youth committee. Committees chaired by a LWDB member and members of community organizations. Committees assist the LWDB with policy change, operational planning, and fiscal budgeting and report to the Executive committee. The Program Operations and Performance committee and Youth committee comply with 20 CFR 679.360 by including other individuals appointed by the LWDB who are not members of the LWDB and who have demonstrated expertise and experience according to 20 CFR 679.340(b).

II. Regional Planning

Local Plan

WIOA further requires LWDBs and their CEOs to collaborate through participation in a regional public workforce planning process and development of a regional plan. Regional plans must include collection and analysis results of regional labor market data; incorporate local plans for each Kansas local area; detail service delivery strategies for every county in a sub-region; develop and implement sector initiatives for in-demand industry or occupation sectors; coordinate administrative, supportive, and other service cost arrangements, and be Governor-approved. The regional plan for local areas I, IV, and V was for years 2020 – 2024 and the local plan for Kansas Local Area IV is for program years 2021-2024 and was approved May of 2021.

Observations

- The local plan provides a look at long term industry/occupational data that shows emerging market trends and current job openings. It reports on population trends and labor force trends and analyzes the education and skills required by occupational openings.
 - The local plan lays out goals for the LWDB to achieve and the vision of how to meet those goals, and a vision of how to meet WIOA specific performance goals.
 - The local plan explains the local area's operational planning elements: LWDB function, program partnerships in the area (both required and strategic), how to implement the strategic vision, and the coordination, alignment and provisions of services to employers.
 - The local plan strategizes local operating systems and policies and how to integrate service delivery with functional management.
- **Finding #1 – KANSASWORKS State Board (KWSB) policy 5-08-00** requires the local plan to describe how the 40% adult and dislocated worker training expenditure requirement accomplished, including whether the 40% expenditure rate will be calculated on all funds expended by the local board or only WIOA Title I expenditures. KWSB policy 5-08-00 also requires local boards to develop and maintain a policy and local operating procedures for the determination of training and training related costs. CRC observed local methodologies to document total expenditures, training expenditures and supportive service expenditures in the Chart of Accounts. However, the LWDB does not maintain a policy that at a minimum has a methodology that will be used to document procedures for entering training-related costs into a participant's record, and procedures for tracking total training and training-related costs. Also, the LWDA's local plan does not describe how the 40% adult and dislocated worker training expenditure rate will be accomplished.

Local One-Stop Delivery System Memorandum of Understanding (MOU)

The MOU is a negotiated agreement executed between the LWDB and one-stop partners, with the agreement of the CEOB, relating to the operations of the one-stop delivery system. CRC reviewed MOUs provided by LWDA IV against requirements listed in WIOA sec.121(c)(2), 20 CFR 678.500-.510 and 20 CFR 678.755.

Observations:

- All required WIOA partner programs have a MOU, signed by the partner program, LWDB chair and the CEOB chair, that complies with the required content of 20 CFR 678.500.
- The MOUs contain a service delivery matrix which describes what service the program provides and how and where access is provided.
- The LWDB has an Infrastructure Funding Agreement with each program.

AJC Establishment

The vision of the American Job Center network is to align a wide range of publicly or privately funded education, employment, and training programs while providing high-quality customer service to all job seekers, workers, and businesses. WIOA sec. 121, TEGL 16-16 and **KANSASWORKS State Board policy 5-22-00** establish requirements of local areas operating one-stop delivery centers. CRC used the on-site visit, MOU's, the WIOA local plan, certification

documentation, and signed agreements provided by the LWDB staff to check compliance with above regulations.

Observations

- LWDA IV has four AJCs for customers to receive WIOA and partner program services. The Wichita AJC is the area’s comprehensive workforce center and Butler, Cowley, and Sumner each furnish an affiliate AJC. The MOUs and local plan describe how each partner program delivers services through this AJC, either through having program staff on-site, having staff from a different partner program appropriately trained to provide information to customers about the program, services, and activities available, or by making available a direct linkage through technology to a program staff member.
- Per WIOA sec. 121 (g), the OSO certified the Wichita AJC as a comprehensive one-stop center in March of 2021. The certification policy requires the AJCs to be evaluated for providing all applicable physical and programmatic accessibility requirements as set forth in WIOA section 168.

III. Grant Management and Oversight

**WIOA Title I Negotiated Performance Accountability Measures
PY 2023 (July 1, 2023 to June 30, 2024)**

Indicator/Program	Title I Adults	Title I DW	Title I Youth	Average Indicator Score
Employment 2 nd Quarter after Exit	90.64%	115.19%	105.77%	103.87%
Employment 4 th Quarter after Exit	97.72%	112.18%	106.35%	105.42%
Median Earnings 2 nd Quarter after Exit	114.82%	142.16%	200.73%	152.57%
Credential Attainment Rate	73.53%	87.18%	124.21%	94.97%
Measurable Skill Gains	----	120.48%	150.55%	135.52%
Average Program Score	94.18%	115.44%	137.52%	

Green boxes are exceeding goals

Yellow boxes are within acceptable range

Red boxes are area of improvement

Observations:

- Four of the five Adult program performance indicators are only within acceptable range, with the fifth indicator exceeding goals.

Youth Program Expenditure Requirements - Federal regulations 20 CFR Part 681.590² and 20 CFR 681.410³ establish WIOA Youth program spending requirements local workforce development areas must strive to meet. Federal Regulations at 20 CFR Part 681.590 require WIOA youth programs expend not less than 20 percent of funds allocated to provide youth with paid and unpaid work experiences. Federal Regulations at 20 CFR 681.410 increased the minimum OSY expenditure rate for the youth formula-funded program from 30 percent, under the previous WIA law, to 75 percent under WIOA law. CRC reviewed the LWDA IV's program year 2023 Yearly Budget Tracking form for Youth program spending and the **KANSASWORKS** State Board program year 2023 4th quarter performance report.

Observations:

- LWDA IV spent 18.25% of allocated youth funds on work experiences for ISY and OSY.
- LWDA IV spent 100% of non-administrative youth funds on the OSY target group.

IV. Financial Management System-2 CFR Part 200.302

Local Fiscal Policies and Procedures: CRC reviewed Workforce Alliance's Financial Management System Policy (April 2024) which details procedures for budget controls, cash management, program income, cost allocations, prepaid expenses, allowable costs, internal controls, financial reporting, subawards/contracts, purchasing authorities, and more. Workforce Alliance operates on a full accrual basis and follows General Acceptable Accounting Procedures (GAAP).

Contracted Duties and Financial Reporting: LWDA IV contracts with the professional accounting firm of Allen, Gibbs and Houlik, LLC (AGH) for paymaster services to ensure federal funds are drawn reasonably and necessarily; and disbursed in a timely manner. AGH provides budget reports, grant balances, trial balances, and a general ledger update by the 20th of each month of the previous month's financial activity. Reports are prepared according to GAAP. At the end of each quarter financial statements are prepared including assets, liabilities and net assets, statement of activities, along with trial balances and any accompanying schedules (prepaid, capitalization, etc.). Reports are provided to staff, CEOB, and the LWDB and reported to the State of Kansas and the US Department of Labor as required. Workforce Alliance's Finance Committee is responsible for reviewing all financial reports.

Drawing of Federal Funds: Funds for the payment of participant and participant-related costs are drawn by AGH through the Kansas Department of Commerce Fiscal Department (KDC). Funds for all participant, employer or vendor payments are drawn as determined by documentation provided to AGH by the Workforce Alliance. These funds are drawn as required and not in advance (unless in an emergency or shutdown situation). AGH contacts the KDC and request funds by local area and program or fund source. Authorized officials designated by AGH who have completed an "Authorized Signature Card" and have been approved by the State of Kansas then complete the "Request for Payment" and forward to KDC and provide copies to Workforce Alliance. Upon

² <https://www.ecfr.gov/current/title-20/chapter-V/part-681/subpart-C/section-681.590>

³ <https://www.ecfr.gov/current/title-20/chapter-V/part-681/subpart-C/section-681.410>

receipt of the request, funds are approved for wire transfer to AGH's designated financial institution. KDC draws funds twice weekly, based on requests received. KDC transfers funding to AGH's financial institution generally within 4 working days of the request for funding. Requests for funding must be transferred to KDC by deadlines established by KDC. AGH will imprint any checks released and issued on behalf of Workforce Alliance with "void after 90 days" or similar language.

Depositions for Federal Funds: AGH deposits federal funds in an FDIC insured Wichita bank solely for Workforce Alliance transactions. Any balance exceeding deposit insurance limits must be collaterally secured or insured at the direction of the Workforce Alliance. Either AGH or the Workforce Alliance may own the bank accounts for federal funds and a process for securing funds will be established between all parties at the discretion of the Workforce Alliance. To assure accountability of funds under federal regulation, AGH maintains separate books of accounts per funding.

Internal Controls – 2 CFR Part 200.303

Local policy has established the following controls to ensure compliance with all laws and regulations and to safeguard the organization's assets:

Cash Controls-All administrative invoices are received by administrative support staff and are logged when received. They are then forwarded to the fiscal department for payment. Client program invoices are received by the fiscal department. A payment is generated by the fiscal department when an approved budget for the invoice exists. If an approved budget for the invoice does not exist, the invoice is routed to program staff for further investigation before a payment is generated. All payments are routed to the Vice President/Chief Operating Officer for review and approval. Once the COO approves payments, they are presented to the President/Chief Executive Officer for approval or denial. If the payment is approved, it is then processed and allocated to the correct budget and line item and forwarded to the Paymaster. The Paymaster will review, process, and issue all payments. Checks issued for payment by the Paymaster shall be valid for no more than ninety (90) days from the date of issue. The Paymaster will provide an aging report listing all outstanding checks to the Workforce Alliance. The Workforce Alliance will perform payment follow-up activities to determine the status of each outstanding check and to remind the vendor of the check validity period. After ninety (90) days from the date of issue of any check, the Paymaster will void the check and notify the Workforce Alliance of that action. The Workforce Alliance will notify the effected vendor(s) of the invalidation of the check(s) and that a new check will be issued to accompany payment of relevant invoices.

Purchasing Authority- Senior and management staff will have the authority to purchase supplies/equipment using authorized vendors up to a unit cost of \$1,000.00 not to exceed a total purchase of \$2,000.00. Any purchases over these amounts will require approval by the Vice President/Chief Operating Officer up to \$5,000. If purchases exceed \$5,000.00 approval by the President/Chief Executive Officer is required. All procurement policies established by the Federal Government, State Government, CEOB and the Board of Directors must be followed by staff making purchases.

Training and Client Support Service Obligations- Two staff members together have the authority to obligate client training and supportive service funds up to the current limits established in the training policies and the available budget. One staff must be management and the other fiscal staff. Final expenditures will be subject to purchasing authority.

Credit Cards-Senior staff utilize credit cards to complete financial transactions. Workforce Alliance maintains a Credit Card Use Policy which outlines the acceptable uses, limits, and procedures for credit card utilization. Credit cards are to be used solely for official Workforce Alliance business and not for personal or private business purchases. Credit cards are only issued to individuals with appropriate purchasing authority. Authorized use of credit cards is limited to the person whose name appears on the face of the credit card, as authorized by the CEO and LWDB Chair.

Program Income – 2 CFR Part 200.307

Program income is gross income received that is directly generated by the grant supported activity or earned as a result of the grant agreement during the grant period. Program income must be reported monthly on financial reports and used to support the grant which generated the income.

Budget – 2 CFR Part 200.308 and WIOA 107.12

The Workforce Alliance prepares annual budgets at the beginning of each fiscal year or at the beginning of a grant. The Vice President/Chief Operating Officer has the primary responsibility for preparing all budget(s) and presenting them to the Finance and Executive Committee and the Chief Elected Officials Board (CEOB) for review and action. Upon adoption the budget(s) are given to the Paymaster for data entry into the financial management program maintained by the Paymaster. The board staff and Finance and Executive Committees review budgets monthly with the full board reviewing quarterly. Budgets are also shared with the COEB quarterly electronically and during their meetings. Budgets are compared monthly by expenditure amounts and budget remaining compared to expectations for the budget cycle. The organization also analyzes monthly obligation reports to track program obligations to ensure adequate funding for program services. The Organization will also require the tracking and reporting of any leveraged funds within each fund's required budget. Leveraged funds will be compared to budget at least quarterly.

General Ledger and Chart of Accounts – 2 CFR Part 200.302

CRC reviewed Workforce Alliance's chart of accounts and general ledger. The chart of accounts contains numerical sequences for: balance sheet accounts, income accounts, administrative/operations costs, and client service expenditures. All individual funding streams are assigned a unique sequence. Additionally, CRC observed the general ledger detailed report shows all debits and credits acting on the account for the reporting month as well as the beginning balance, aggregated debits, aggregated credits, net change, and ending balance. CRC observed daily

balance summaries, and checks paid ordered in ascending numerical sequence making it easy to identify outstanding checks.

Cost Principles and Cost Allocation - 2 CFR 200, Subpart E and 2 CFR Part 200.405

The Workforce Alliance is established as a 501(c) 3 Not for Profit Organization and follows 2 CFR Part 200 and 2 CFR 2900 for Uniform Administrative Requirements and Cost Principles. The organization also reviews and monitors each grant award for specific allowable activities or non-allowable activities to ensure compliance. All costs must be necessary, reasonable and allocable to carry out the scope of the grant or project, in addition to the other requirements outlined in 2 CFR 200 Subpart E, Cost Principles.

Workforce Alliance maintains a separate *Cost Allocation Plan Policy* (June 2023) which includes General Accounting Policies and a description of the cost allocation methodology for staff salaries and wages, fringe benefits, rent, building enhancement, security, utilities, insurance, office supplies, office equipment, postage, dues and subscriptions, IT supplies, licenses, and contracts, conferences, job fairs, meeting expenses, outreach expenses, staff development, travel, contract services, subrecipient grants awarded, depreciation, interest, program participant services, and more.

LWDA IV charges direct costs that can be identified with a final cost objective to the program benefitted. Joint costs are allocated to benefitting programs using various allocation methods depending on the type of joint cost being allocated and as required by local policy. Costs incurred for the common benefit of all of WA Inc.'s programs, which cannot be readily identified with a final cost objective, are allocated amongst all funding streams. WA Inc. staff shared allocation templates and worksheets which reflect calculations of various cost allocation plans utilized.

Within each fund, Workforce Alliance determines line-item program budgets and sub-contract budgets to maintain financial records for each budget. Local policy requires all payments generated through invoice receipt be matched with a previously approved and established budget prior to payment generation. If an approved budget for an invoice does not exist, the invoice is routed for further review before any payment is generated. The WA Inc. Chief Operating Officer (COO) reviews and approves all payments, which are then presented to the Workforce Alliance CEO for final approval or denial. Approved payments are processed and allocated to specific budgets and line items before being forwarded to the Paymaster for processing and issuance.

Workforce Alliance's Cost Allocation Plan Policy (June 2023) lists the following unallowable costs as defined in 2 CFR Part 200, subpart E, that cannot be charged to Federal awards:

- Advertising and public relations
- Alcoholic beverages
- Capital expenditures
- Defense claims by or against the Federal Government
- Interest as defined in 2 CFR Part 200.449
- Fundraising

Audit Requirements – 2 CFR Part 200.501

The Kansas Department of Commerce Regulatory Compliance Unit (CRC) reviewed the independent financial audit of the Local Workforce Development Area IV, for the program period ending June 30, 2024, as issued by the independent auditing firm of Wipfli LLP (see attachments). The summary of audit results show there were no questioned costs and no administrative findings. The audit report is considered closed subject to any subsequent determination from the United States Department of Labor. Until such action is complete, all records associated with this audit should be retained in accordance with Kansas WIOA policies and procedures.

The professional accounting firm WIPFLI stated the following in the Workforce Alliance PY 2023 independent financial audit:

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weakness or significant deficiencies may exist that have not been identified.

Observations:

- CRC found that all necessary records were properly retained and digitized and requests for documentation were met with timely responses aiding in the monitoring process complying with 2 CFR 200.334-338 as required by 2 CFR 200.302 (b).
- Monthly fiscal expenditure reports, and budget tracking worksheets provided detail information pertaining to federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income, and interest, 2 CFR 200.302(b)(3). CRC reviewed monthly fiscal reports depicting authorized and timely draw down requests submitted to Commerce for each funding stream.
- CRC reviewed the LWDA's *Financial Management System Policy (April 2024)* and found the written procedures for federal payment (2 CFR 200.305) to be durable evidenced by their procedural detail fulfilling 2 CFR 200.302(b)(6).

V. WIOA Title I Program Operations

Overview- In program year 2023, LWDA IV enrolled 2400 participants into the WIOA program; Butler WFC had 345, Cowley WFC had 345, Sumner WFC had 79, Wichita WFC had 1897 and the Cerebral Palsy Research Foundation had 27 enrollments. The Adult program served 1,369 participants, the Dislocated Worker program served 92 participants and the Youth program served 102 participants. LWDA IV provided 24,078 services to these participants. The average age of customers that participated in the WIOA program was 55 years old. Workforce Alliance, Inc. provides WIOA Title I Adult, Dislocated Worker, and Youth services to the local area through on-site staff, on-line tools, and community organizations. LWDA IV also has a contract with the Cerebral Palsy Research Foundation (CPRF) to provide services to the youth target group. Workforce Alliance has shifted focus from using WIOA funding for training to basic and individualized career services that help participants quickly find employment.

Eligibility Determination - To be eligible to receive WIOA Adult and Dislocated Worker (A/DW) services the participant must be age 18 or older, legally eligible to work in the United States, and compliant with Selective Service requirements (males only) and meet specifications in WIOA sec. 134(c)(3)(A). To be eligible to receive WIOA Youth services participants must meet eligibility requirements established in WIOA sec. 129(a)(1)(B) and WIOA sec. 129(a)(1)(C). CRC reviewed local policies and participant files against WIOA regulations and KWSB policy 5-05-00.

Observations:

- Workforce Alliance has policies for staff to understand the eligibility requirements of WIOA and the KWSB.
- For the Adult program, WA used a self-attestation in the form of **KANSASWORKS.com**'s client status sheet (CSS) which provides a date of birth, whether the participant registered with the Selective Service, and if the participant is eligible to work in the United States. The CSS also has the Equal Opportunity notice, Grievance and Appeal notice attached. The CSS is signed by the participant, the workforce professional who helped with intake, and an authorized staff member who approved the eligibility.

Area of Concern #2 – KANSASWORKS State Board (KWSB) policy #5-05-00, and WIOA sec. 3(15) lists five definitions of participant eligibility for the dislocated worker target group. Of the five dislocated worker files reviewed, CRC observed the following two files that lacked proper eligibility documentation.

- **PID #2655487-** The file did not have documentation of the participant's dislocation event with their employer to establish eligibility for the dislocated worker target group. The local area utilizes a Dislocated Worker (DW) Program Eligibility Checklist when assessing a participant. However, this participant file did not contain a DW Program Eligibility Checklist.

- **PID #1740631-** The file contained a self-attestation form that only stated the participant is not allowed to return to their previous employer to document the participant is unlikely to return to a previous industry or occupation. The prohibition from returning to a single employer does not meet the eligibility criteria for determining that the participant is unlikely to return to a previous industry or occupation.

Case Management – Workforce Alliance’s integrated service delivery model organizes staff assisting customers in functional groups. The career center group initially assist all walk-in customers in creating or updating a KANSASWORKS account to initiate service provision and collect eligibility documents, complete enrollment paperwork, and objectively assess the participants needs of service level. LWDA IV utilizes two databases to manage participant caseloads, KANSASWORKS.com and their local system MFiles. KANSASWORKS allows case managers a central location to input demographic and assessment information, retain casefile documentation, record monthly notes, have participants upload their resume and perform job searches, send job referrals to participants and participants can receive job posting alerts via email or text. Case managers in the training group, provide one on one support to customers who have already received career services and are deemed in need of training to find a job with self-sustaining wages.

In cooperation with the participant, they create an Individual Employment Plan (IEP). The IEP provides an occupational assessment and career research, identifies a participant’s barriers to employment and the WIOA services needed to overcome identified barriers. IEPs are updated as participants progress through the plan and service needs change. The customer training agreement states the participant is to contact the case manager at least once every 30 days, to provide grades, transcripts, and credentials relevant to training. Participants are exited from the WIOA program after successful completion of training and no other services are scheduled or if no staff assisted services have been rendered for 90 consecutive days. Case managers try to have participants provide pay stubs and/or employment information for one year after program exit. After exit, follow-up services are offered to participants for twelve months. Follow-up services may include career exploration, employment search assistance, or supportive services.

Youth Service Elements Provision

WIOA sec. 129(c)(2) requires LWDAAs to make available to youth participants provisions of the following fourteen program elements:

- Tutoring, study skills training, instruction and dropout prevention services (ISY)
- Alternative secondary school services and dropout recovery services (OSY)
- Paid and unpaid work experiences
- Occupational skills training
- Education offered concurrently with workforce preparation and training
- Leadership development opportunities
- Supportive services
- Adult mentoring
- Follow-up services
- Comprehensive guidance and counseling

- Financial literacy education
- Entrepreneurial skills training
- Services that provide labor market information
- Post-secondary preparation and transition activities

The required service provisions are described in detail in LWDA IV's Youth Program Participant Manual. During CRC's file review, it was observed these services are offered during the creation of the Objective Assessment/Individual Service Strategy (ISS). Services are provided by WA and CPRF staff, through on-line services or through community organizations

Work Based Learning- LWDA IV uses WIOA funding for classroom based occupational skills training (OST), On-the-Job training (OJT), Registered Apprenticeship, customized training, incumbent worker training, or work-experiences/internships. Training services are available to customers who, after an evaluation and career planning, are unlikely to obtain or retain employment that leads to economic self-sufficiency or wages comparable or higher than wages from previous employment through career services and have demonstrated the skills and qualifications necessary to successfully participate in the chosen training. WIOA funds will be used in coordination with all other funding sources the participant is eligible for. Local policy states Adult/DW/Youth OST funding is limited to \$5,500 for training programs completed within two years. High demand occupations of Aviation Manufacturing, Healthcare, and Information Technology have higher funding limits. Youth OST funding is limited to \$6,000 (\$3,000/year) for training programs completed within two years. Higher limits require the approval of a committee of at least two WA senior staff members. Work experiences for youth participants are limited 500 hours per program year and are paid at the prevailing entry-level wage (at least Federal and State minimum wage). In PY 2023, the LWDB voted on an approved training list that contained ten industries with occupations that prevailed living wages.

Supportive Service and Incentives- 20 CFR 680.900⁴ directs LWDB to develop a policy on supportive services. LWDA IV policy states supportive services are provided to participants who need such services to participate in employment and education activities. Available supportive services include: transportation, child care, needs related payments and employment related expenses. The policies set availability limits depending on the category of supportive service used.

Observations:

- During file reviews, CRC observed the participants in training that were in compliance with their IEP were able to receive supportive service help. Supportive services helped participants with transportation cost, housing rents, utility costs, and employment related expenses.

Participant File Reviews- CRC reviewed 15 randomly selected Adult files, 5 DW files, and 10 Youth files from the list of PY 2023 participants provided by the state of Kansas's reporting system Tableau. Documentation records are kept electronically within the local area's online system,

⁴ <https://www.ecfr.gov/current/title-20/chapter-V/part-680/subpart-G/section-680.900>

called MFiles, and **KANSASWORKS.com**. CRC observed the files contained the following documentation: participant signed Equal Opportunity notice and Grievance notice, an Individual Employment Plan signed by participants and case managers, assessment documentation, signed **KANSASWORKS** demographics information page. CRC verified that eligibility requirements including age, low-income status, and identifiable barriers were documented in compliance with applicable locale, state and federal policies. Participants that received training have in their file: a career interest profiler, screen shot of **KANSASWORKS** showing the training provider is on the Eligible Training Provider list, a Workkeys test with a passing score, local job market information on the chosen career training, budget obligations and budget de-obligations when necessary.

Observations:

- **Adult participants:** Received basic career services with WIOA funding. If they were found to need and benefit from training services, the participant was referred to one of the WA’s other funding grants. Of the fifteen participants files reviewed, it was found that seven of the participants had visited the workforce center and enrolled in the adult or partner program multiple times since calendar year 2022 for job search services.
- **Youth participants:** Files contained required eligibility documentation and signed notices. Customers who participated in training first took the workkeys and O*NET aptitude assessments. The individual service strategy form was signed by the participant and case manager and were updated every six months or as services changed. Follow-up services were offered to all participants and performed with those that did not decline them.
- **Area of Concern #2: Documenting dislocated worker eligibility**

KWSB policy 5-05-00, WIOA sec. 3(15) and DOL’s Core Monitoring Guide (August 2018) list five definitions of participants eligibility for the dislocated worker target group. CRC reviewed five dislocated worker files and observed two files that lacked proper eligibility documentation. The file for PID 2655487 did not have documentation of the participant’s dislocation event with their employer to establish eligibility for the dislocated worker target group. The file for PID 1740631 used a self-attestation form that only said the participant is not allowed to return to their previous employer to document the participant is unlikely to return to a previous industry or occupation. Ignoring all other employers in the local area does not provide evidence the participant is unlikely to return to a previous industry or occupation.
- **Area of Concern #3: Data collection and reporting.**

WIOA sec. 185(d)(1)(C), KWSB data collection policy 5-32-00, and KWSB Management Information System (MIS) manual require reporting outcomes of the programs and activities for the participant under a standard management information system for establishing performance reports to send to the federal government.

 - The local area was crediting a participant with achieving the credential “occupational certificate” in the state’s MIS system, **KANSASWORKS.com**, when the participant received a certificate of completion from the training provider after finishing an OST in an occupation that required licensure for employment. Per **KANSASWORKS** WIOA Guidance Letter #25-01, In certain instances, a training provider will issue a Certificate of Completion after a participant has completed a training program. Generally, a Certificate

of Completion *does not count* as a credential as Certificates of Completion do not fall within one of the 8 categories listed above.

- **PID 1740631** – This participant completed training with an industry recognized licensure. The credential was marked as obtained in **KANSASWORKS.com** (the state’s MIS system that reports are pulled from), but the participant was not reporting in the state’s MIS system as having achieved a Measurable Skill Gain for completing training. When PID #1740631 entered training, a measurable skill gain goal was not entered into **KANSASWORKS.com** and upon exit the *Training Closure of Services* form has the section *have all Measurable Skill Gains been closed as Attained or Set but Not Attained* checked YES.

Business Services – LWDA IV’s business services is the third part of the local area’s integrated service group strategy. Their purpose focuses on working with area employers to assist in identifying solutions for workforce needs and match job-ready applicants with open positions. These services include but are not limited to career fairs/on-site hiring events, labor market information, job postings on **KANSASWORKS.com** and **workforce-ks.com**, resume reviews, employment skills testing and outplacement services, and on the job learning opportunities. The business service team will also assist career advisors helping participants post training find employment. The business service team ’s goal is to focus on the employers in in-demand industries.

Exit Conference- CRC provided initial observations and best practices to Workforce Alliance’s Senior Administrators for a response prior to publishing this summary report. CRC and Workforce Alliance clarified findings and observations through email and opted to forego having an in-person exit conference. CRC is satisfied with Workforce Alliance’s response to the finding presented and considers this matter resolved.