



Mardy Leathers, DMgt, Director

Office of Workforce Development

June 24, 2022

The Honorable Chris Gamm  
Presiding Commissioner  
Pike County Courthouse  
115 West Main Street  
Bowling Green, MO 63334

Mr. Michael Purol  
Poepping, Stone, Bach & Associates, Inc  
801 Broadway, Suite 248  
Hannibal, MO 63401

Dear Commissioner Gamm and Mr. Purol:

The Office of Workforce Development (OWD) Regulatory Compliance Team conducted a Monitoring Review of the Northeast Local Workforce Development Board (LWDB) for review period July 1, 2021-Present.

The Compliance Team examined the Northeast Local Workforce Development Board's program operations to ensure established policies achieve program quality and outcomes meet the objectives of the Workforce Innovation and Opportunity Act (WIOA), comply with federal and state regulations, and OWD policy and procedures. This Report serves as the official notification of the conclusions from the review. The areas reviewed in the report identified three (3) Findings and ten (10) Areas of Concern. A response is required for the three (3) Findings and three (3) Areas of Concern within 30 days of the date of this report. Should you have questions, please contact Donna Brake at (573) 526-8259 or my office at (573) 751-3349.

Sincerely,

Mardy Leathers, DMgt  
Director

c: Diane Simbro  
OWD Senior Staff

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# COMPLIANCE MONITORING REPORT PROGRAM YEAR 2021

Northeast Workforce Development Board  
111 E Monroe St  
Paris, MO 65275

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**Review Period: July 1, 2021-June 30, 2022**

**Grant/Programs Reviewed:**

PY21 WIOA Formula Programs: Adult, Dislocated Worker, Youth  
PY21 Wagner-Peyser Program  
PY21 Unemployment Insurance Programs: RESEA  
PY21 Trade Adjustment Assistance  
PY21 Show-Me Heroes (January 1, 2021-June 30, 2022)  
PY20 Missouri Apprentice Ready (June 1, 2021 – May 31, 2022)

**Review included but not limited to:**

Local Plan  
Board Website “Conduct Business in an Open Manner”  
Sub-State Monitoring  
Data Element Validation (DEV) Monitoring  
One-Stop Operator Agreements

Compliance Team: Melissa Wolfe

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## **I. EXECUTIVE SUMMARY**

The Office of Workforce Development (OWD) Regulatory Compliance Team conducted a Monitoring Review of the Northeast Local Workforce Development Board (LWDB) in fulfillment of monitoring requirements of the regulatory mandate established by 20 CFR (Code of Federal Regulations) Part 683.410 requiring the States monitoring system to provide annual monitoring reviews of the Local Workforce Development Boards. The purpose of the review was to evaluate the management and administration of the project(s) under Jefferson College’s auspices, for the quality of services and the performance of the programs by operating in compliance with the program Scope of Work, 2 CFR (Code of Federal Regulations) Part 200 and Part 2900, and all applicable Federal and State rules and regulations.

This report contains all issues identified by the Regulatory Compliance Team during the monitoring, but does not assure that other problems do not exist. The Review is not an audit and due to its limited scope, may not disclose all program deficiencies. The basis of the opinions expressed in this report is the areas reviewed by the Regulatory Compliance Team. The United States Department of Labor, the Comptroller General of the United States, the Missouri State Auditor’s Office, or any other appropriate Federal or State body, or any of these agencies’ designated representatives, may conduct reviews and have different conclusions or opinions.

The Regulatory Compliance Team conducted its initial phase of examining program participant records via desktop monitoring using various State of Missouri databases, followed by the on-site

review. During the on-site review, a conference was conducted with the Northeast LWDB management and staff personnel, which focused on desktop results, gaining clarification of local processes and policies, alerting local staff to problems, resolving as many issues as possible, and discussing the scope of the review.

## **II. REPORT STRUCTURE**

**Findings** – Findings are Workforce Development notations that disclose material non-compliance with WIOA, federal regulations, Workforce Development Issuances or guidance, material weaknesses in internal controls. Findings require written corrective action plans by either accepting OWD’s recommendation or proposing and receiving approval for an alternate course of action. Regulatory Compliance monitors will provide citations from WIOA, federal regulations, or OWD Issuances and procedures to identify specific area of non-compliance and will explain the corrective measures necessary for resolution.

**Areas of Concern** – Areas of Concern are Workforce Development notations that may or may not be compliance-based, but may impede effectiveness and efficiency of providing services to individual and business customers. Concerns are suggestions to management and do not generally require a response unless specifically indicated. Resolved Findings and accompanying corrective actions may be included in this category. Areas of Concern, although resolved, may rise to a level of severity that is subject to follow-up during subsequent review. Regulatory Compliance monitors may offer suggestions or guidance to assist in making improvements, or may make a referral for further technical assistance.

**Promising Practices:** Promising Practices are new, unique, significant, or innovative initiatives and results, and/or notable or exemplary practices.

## **III. ANALYSIS**

Information within this section summarizes OWD’s overall evaluation of the Northeast LWDB relative to the Review Areas described herein.

The Regulatory Compliance Team utilized a system-generated, randomly selected file sample from each program per quarter to complete its review. The Regulatory Compliance Team utilized a desktop review and an onsite visit to evaluate overall compliance with applicable laws, annual agreements, Scopes of Work (SOW), as well as regulations and policies.

## **FINDINGS**

### **Finding #1: Expenditures**

(OWD Issuance 17-2020: Program Year 2021/Fiscal Year 2022 Workforce Innovation and Opportunity Act Formula Allocations to Local Workforce Development Boards for Adult, Youth, and Dislocated Worker Programs Policy)

(OWD Financial Manual)

(20 CFR 681.590(a))

(20 CFR 681.410)

(OWD Issuance 20-2021: WIOA Title I Waiver: Out of School Youth Expenditure)

(OWD Issuance 18-2021: WIOA Expenditure Policy)

(WIOA Annual Agreement)

The OWD Financial Manual states, “Subrecipient(s) must obligate not less than 80 percent (80%) of the funds made available to them in each program year’s funding or they bear the risk of losing the funds through the reallocation process.”

The Regulatory Compliance Team reviewed expenditures and obligations to ensure the LWDB was able to meet the required obligation percentage, and to verify if the LWDB was on track to meet other expenditure requirements. As of the writing of this report, the Northeast LWDB has the following obligation rates for its PY21 WIOA programs:

- Youth: 52%
- Adult: 32%
- Dislocated Worker 46%

20 CFR 681.590(a) states the local youth programs must spend at least 20 percent of allocated youth funds to provide work experience opportunities to enrolled youth. As of the date of this report, the Northeast LWDB is currently at 15%. *As of the end of May we are at 16.58% and with June expenses we anticipate we will exceed the 20% requirement. We currently have 13 active out of school youth receiving services.*

20 CFR 681.410 states the requirement that the local area expend at least 75 percent of youth funds to provide services to out-of-school youth. Per OWD Issuance 20-2021, WIOA Title I Waiver: Out of School Youth Expenditure, the State of Missouri received approval for a waiver of the WIOA Out of School (OSY) expenditure requirement for PY21. Local WDBs have the opportunity to request this waiver to reduce their OSY expenditure requirement from 75% to 50% for the applicable program year. As of the date of this report, the Northeast LWDB is not on target to meet the requirement for PY21 (currently at 29%). *May 32.49%*

OWD clarifies in OWD Issuance 18-2021 that the WIOA Annual Agreement sets the maximum percentage of WIOA formula funds used for operations and administrative needs. This Issuance states no more than sixty percent (60%) of the WIOA Adult and Dislocated Worker average program budget may be used on operations and other non-participant costs. WDBs may requests a waiver in order to be exempt from the 60/40 expenditure requirement.

The Northeast LWDB requested and OWD approved a waiver for the 60/40 expenditure requirement to allow for a 65/35 expenditure rate. As of the date of this report, PY21 Operation expenditures are at 74% and Participant expenditures are at 26%.

**Corrective Action:** OWD requires a written corrective action plan outlining all of the measures it will take to increase expenditures, as well as addressing the measures it will take to ensure the Northeast LWDB will be compliant with the WIOA Expenditure policy within the next year. *Response is due within 30 days of this report.*

*All of our contracts are within the parameters except FY22 Dislocated Worker after May end of month reporting (See attached). We anticipate that before this contract ends June 2023, we will have the operational expenses in ITA, Work Experience, Supportive Services and IWT to get this in line and/or we anticipate we may need to transfer DW dollars to Adult. We did not want to make this decision until after year end closure due to the Fiscal Agent responsibility transferring to NCMC.*

### **Finding #2: Violation of Missouri’s Child Labor Law**

(Missouri Child Labor Law, Acceptable Work and Hours for Youth)

(Work Certificate and Permit – School Year Work Certificate (LS-67), Summer Work Certificate (LS-68))

Missouri’s Child Labor Law applies to youth under the age of 16 and outlines acceptable work hours for youth 14 and 15 years of age. While school is in Session, 7 a.m. to 7 p.m., no more than 8 hours

school days, no more than 6 days a week (40 hours a week).

The Regulatory Compliance team found evidence that an In-School Youth participant, age 15, was working outside of the acceptable work hours while school was not in session, as well as while school was in session. Based on supporting documentation, it was determined to be a disallowed cost of \$190.55.

Missouri's Child Labor Law requires work certificates for children 14 to 15 years of age before they start employment at any job during the school year and are required regardless of where a child attends school.

The Regulatory Compliance team identified issues with the Work Certificates reviewed during PY21. Issues included using the incorrect form when the school was in session (form LS-67) or was not in session (form LS-68). Additionally, these forms were not completely correctly or completely.

**Corrective Action:** The Northeast LWDB worked with its WIOA subrecipient to quickly resolve the issue surrounding the disallowed costs and received repayment. They have also worked with the subrecipient to address the completion of the work certificate forms. Due to the violation to Missouri's Child Labor Law, OWD is requiring training on this topic. The Northeast LWDB must complete training **within 30 days of this report**; upon completion of training, provide documentation including training agenda and attendance sign-in sheets to OWD. **We held training on this issue 12/9/21 during our weekly staff meeting. I have attached the Zoom chat for attendance and a copy of the materials covered and our training plan. We did not have a formal agenda. I also have a recording of the training session I can forward if needed.**

### **Finding #3: Missouri Apprentice Ready Low Expenditure and Enrollments**

#### Missouri Apprentice Ready Scope of Work

The Northeast LWDB received \$75,000 under the Missouri Apprentice Ready project. The purpose of the project is to serve individuals in need of pre-apprenticeship training. To date the project reported expenditures of \$5,783.50 and has yielded zero enrollments.

**Corrective Action:** This project ended May 31, 2022. OWD requires a written summary from the Northeast LWDB regarding grant activities completed and challenges experienced **within 30 days of this report**. **We had several issues with this grant. (1) Finding participants 18 or over interested in this type of training or for any training has been an issue with all of our programs. (2) We had to have six people in order to hold the pre-apprenticeship class at St. Charles Community College (3) Transportation to Bowling Green for the hands on training was a show stopper (4) LanDesign needed people immediately so they contracted with a company from California to hire immigrant workers so had no need by the time we received the contract (5) Pike County Technical had few 18 year olds in their classes and the ones they had were not interested in this type of job. The WIOA staff and the Project Manager worked with schools, held hiring events, job fairs, circulated flyers all over the region, posted on social media, and economic development to recruit with no success.**

## **AREAS OF CONCERN**

### **Concern #1: Performance**

(OWD Issuance 01-2021: Measurable Skill Gains Policy)

(TEGL 10-16, Change 1: Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Title I, Title II, Title III, and Title IV Core Programs)

**Corrective Action:** OWD requires a written corrective action plan from the Northeast LWDB within 30 days of this report outlining all of the measures it will take to ensure the LWDB will meet performance measures.

### **Concern #2: Employment Plans**

(OWD Issuance 09-2020: Statewide Individual Employment Plan Development Policy)

Employment Plans (EP) must identify goals and contain objectives and a justification based on assessment information to identify the skills the participant currently possesses and the participant's skill gaps. EPs should be updated frequently with the participants input.

EPs reviewed during PY21 contained multiple issues; these issues were evident across different programs. The Regulatory Compliance team identified issues with employment plans not documenting the required explanation of skills gaps, identifying barriers, and not updating or closing goals with participation from the participant following the employment plan policy.

**Corrective Action:** Employment Plan issues were identified as an area of concern in PY20. However, in PY21, the Northeast LWDB worked with its subrecipients to improve in this area. The Compliance monitor also identified improvement during the quarter 3 review. The Northeast LWDB should continue to monitor for compliance to ensure continued improvement. OWD will continue to review EPs for compliance with OWD Issuance 09-2020 in PY22. No response is required.

### **Concern #3: WIOA Youth Objective Assessments and Individual Service Strategies**

(OWD Issuance 13-2019: Statewide Workforce Innovation and Opportunity Act (WIOA) Youth Program Framework and Design Policy)

(20 CFR §681.460)

(TEGL 21-16)

(OWD Issuance 09-2020: Statewide Individual Employment Plan Development Policy)

OWD Issuance 13-2019 states, *“Each Youth must receive an Objective Assessment (OA), a point in time assessment of the Youth’s strengths, goals, and barriers. The OA should identify the strengths, talents, and abilities of a Youth, while uncovering any barriers to their active participation in the Youth program and the workforce.”* OWD Issuance 13-2019 outlines eight specific, required assessment categories for the OA. The Regulatory Compliance team found evidence that OAs were missing some of the required assessment information. Results for the following assessments missing were: Basic Skills, Occupational Skills, Prior Work Experience, Employability, Supportive Services, and Developmental Needs. There were also barriers listed on the OA that were not addressed in the Individual Employment Plan as required in the referenced policy.

**Corrective Action:** Youth Individual Service Strategies and Objective Assessments were identified as an area of concern in PY20. The Northeast LWDB worked with its WIOA subrecipients to update OAs with Basic Skills, Occupational Skills, Prior Work Experience, Employability, Supportive Services and Developmental Needs. Updates were made to the employment plans to include barriers as required to comply with policy, and continued improvement was noted throughout the program year. No response is required.

#### **Concern #4: Data Entry and Case Management Issues**

(OWD Issuance 04-2018: Participant Activity Codes, Durations, and Definitions)  
(TEGL 23-19)

Throughout the monitoring year, the Regulatory Compliance team observed on-going issues with data entry and case noting. Federal Data Element Validation guidelines, established under Training and Employment Guidance Letter (TEGL) 23-19, mandate correct data entry and the acceptable source documentation for each element. The Regulatory Compliance team observed multiple instances where career and employer services were provided, as evidenced through case notes, but no activities were recorded. There were also multiple instances where career services were recorded, but case notes did not clearly explain what activities were provided to justify posting the service code.

**Corrective Action:** Data entry and case management issues were identified as a Finding in PY20. However, in PY21, the Northeast LWDB worked closely with its subrecipients to provide training and technical assistance to improve in this area. There were issues identified in quarter 1 and quarter 2, with noted improvement in quarter 3. **No response is required.**

#### **Concern #5: Training Justification**

(20 CFR 680.210)

(OWD Issuance 04-2020: WIOA Adult and Dislocated Worker Programs Eligibility and Documentation Technical Assistance Guidance)

Throughout PY21, the Regulatory Compliance team observed multiple participants approved for training did not have the training justification adequately documented in the statewide electronic case management system. 20 CFR 680.210 and OWD Issuance 04-2020, provide guidance to highlight who may receive training services. The Issuance also states, *“Each of these training eligibility requirements for training services must be met and documented in detail. Staff must explain why the participant is unable to obtain/retain employment, why the participant is in need of training...”*

Training justifications, reviewed through quarterly monitoring lacked information to support how individuals were determined to be unlikely or unable to obtain or retain self-sufficient employment through career services (20 CFR 680.210(a)(1)) and were in need of training level services (20 CFR 680.210(a)(2)). Justifications also lacked proper documentation to show participants selected a program of training services directly linked to employment opportunities in the local area (20 CFR 680.210(b)).

**Corrective Action:** The Northeast LWDB worked closely with its subrecipients to provide training and technical assistance to improve in this area. There were issues identified in quarter 1 and quarter 2, with noted improvement in quarter 3. **No response is required.**

#### **Concern #6: Failure to Adhere to Co-Enrollment Policies**

(OWD Issuance 08-2021: Statewide Exit and Enrollment Policy)

OWD has established co-enrollment guidance for all local workforce development boards and workforce staff, as outlined in OWD Issuance 08-2021. This policy states, *“Any Career Service provided by WIOA-funded staff that is not defined as self-service or informational-only requires enrollment in the WIOA program for which the participant is determined eligible. This issuance requires WIOA funded staff to complete (at a minimum) a WIOA Adult Basic Career enrollment when providing these services.”*

The Regulatory Compliance team identified that participants were enrolled into the Wagner-Peyser program and provided countable services by WIOA funded staff without having a WIOA enrollment established. Additionally, participants were enrolled into the WIOA program and provided countable services by WIOA funded staff without having a WP enrollment, which violates OWD Policy.

**Corrective Action:** OWD is requiring training to review Issuance 08-2021 **within 30 days of this report**; upon completion of training, provide documentation, to include training agenda and attendance sign-in sheets to OWD. **This issuance was reviewed during a staff training on 11-10-21. This was done via zoom and unfortunately I do not have the chat or the meeting recording saved. I have attached the copy of the issuance I used during the training with highlighted areas we went over and the training plan that shows it was on the agenda for that meeting.**

### **Concern #7: Local Individual Training Account (ITA) Policy**

(PY21 Annual Agreement)

(Northeast LWDB Local Plan, Section 42, Attachment 20: Individual Training Account Policy)

The Northeast LWDB's Local ITA Policy states, "*Participant must submit passing grades from the previous semester before staff processes next semester's ITA payment voucher.*"

During the PY21 review, The Regulatory Compliance team observed training records with ITA payment vouchers being paid in full at start of training, which did not follow this local policy. The Northeast LWDB staff provided explanation during the onsite monitoring that due to the different types of schools in the area, each school may submit billing differently. The Northeast LWDB stated they have had discussions with other Regions regarding the ITA policy and will be discussing making changes/updates to the local policy.

**Corrective Action:** The Regulatory Compliance team recommended the Northeast LWDB update their policy to be less restrictive on how ITA payment vouchers are processed and paid. The Northeast LWDB must provide a written response describing current activities and its plan to ensure compliance with its Local Policy moving forward. **Response is required within 30 days of this report.**

### **Concern #8: Data Element Validation**

(OWD Issuance 07-2020: Statewide Data Element Validation Policy)

(OWD Issuance 05-2020: Youth Program Eligibility and Documentation Technical Assistance Guide)

(OWD Issuance 04-2020: Adult and Dislocated Worker Program Eligibility and Documentation Technical Assistance Guide)

(TEGL 23-19)

Each Local Workforce Development Board is responsible for conducting quarterly Data Element Validation (DEV) reviews to verify that the performance data elements reported by Missouri are valid, accurate, reliable, and comparable across programs. The review is to identify anomalies in the data, or missing data, to resolve issues that may cause inaccurate reporting, and to improve program performance accountability through the results of data validation efforts. Each LWDB must use the source documentation requirements found in TEGL 23-19 Attachment II to validate the required elements identified in the attachments of OWD's Technical Assistance Guides (T.A.G.).

The Northeast LWDB provided the Regulatory Compliance team documentation of DEV review completion. The Regulatory Compliance team observed that audit outcomes selected as "Pass" for some data elements were reported incorrectly.

**Corrective Action:** The Regulatory Compliance team explained the importance of selecting the appropriate audit outcomes when validating elements. The Regulatory Compliance team will continue to monitor Data Element Validation overall and provide technical assistance as needed and/or requested. The Northeast LWDB must continue to perform required DEV monitoring to verify that the performance data elements reported by Missouri are valid, accurate, reliable, and comparable across programs. No response is required.

### **Concern #9: Referrals to WIOA**

(OWD Issuance 08-2021: Statewide Enrollment and Exit Policy)

For Equal Opportunity (EO) monitoring purposes, each WIOA Title I recipient must record the race/ethnicity, sex, age, limited English proficiency, preferred language and where known, disability status, of every applicant, registrant, participant, and exiter.

In addition, effectively conducting an analysis on each record requires each level of service to be documented and resulted in the statewide case management system. This includes recording if a job seeker has been referred to a service and determined *eligible* or *ineligible* for WIOA Basic Career services. Guidance provided under Issuance 08-2021, Attachment 2, provides instructions on how to correctly document whether an individual has been referred to and determined eligible or ineligible for WIOA services.

The Regulatory Compliance team pulled a report from the case management system and observed that Northeast LWDB resulted referrals in the case management system incorrectly by resulting them as *successful* or *unsuccessful*, which affects EO monitoring.

**Corrective Action:** OWD recognizes that the guidance related to this issuance is not easily understood statewide and has worked to increase awareness of this issuance throughout the program year. The Northeast LWDB worked with its WIOA subrecipients to address and correct the referrals. It is encouraged that the Northeast LWDB review Issuance 08-2021: Statewide Enrollment and Exit Policy with its subrecipient staff to ensure understanding moving into the new program year. No response is required.

### **Concern #10: Non-WIOA Program Management Issues Wagner-Peyser (including Employer/Business Services), and Re-Employment and Eligibility Assistance (RESEA)**

(OWD Issuance 16-2021: Wagner-Peyser/Labor Exchange Policy)

(OWD Issuance 09-2020: Statewide Individual Employment Plan Development Policy)

(OWD Issuance 02-2021: Statewide Case Note Policy)

Multiple programs delivered by both OWD and the Northeast LWDB's subrecipients were reviewed. These programs include Wagner-Peyser, TAA, RESEA, and Employer/Business Services. Throughout the year, there were common case management and data-entry issues evident.

- Services were posted without a case note describing the activity, as stated in OWD Issuance 02-2021;
- EPs for the RESEA program were not developed following requirements listed in OWD Issuance 09-2020 (EPs Long-Term goals lacked justification with Labor Market Information

- (LMI) and contain projected growth and projected salary;
- Resumes were not posted at time of enrollment as required in OWD Issuance 16-2021;
- Employer profiles were not completed;
- Trade participants were provided services but did not post the appropriate activities.

**Corrective Action:** Issues occurred in the first quarter; however, improvement occurred in the third quarter. Local leadership worked with staff to address any discrepancies. The Regulatory Compliance team will continue to monitor these programs for future compliance. No response is required.

#### **IV. QUARTERLY PERFORMANCE REVIEWS**

In addition to the annual monitoring report, the region is receiving quarterly performance reviews. Quarterly performance reviews reflect the Northeast LWDB is not meeting performance for the Dislocated Worker measurable skills gain measure. After reviewing obligations and predictive outcomes, it appears that the LWDB is not on track to meet the 65/35% expenditure rate for WIOA Adult and Dislocated worker programs, the 20% work experience requirement and the 50% Out-of-School youth, as noted above. The LWDB should continue to monitor these areas to ensure compliance and positive performance as it moves forward.

#### **V. PROMISING PRACTICES**

The Northeast LWDB has been noted for the following promising practices:

- Setting up at courthouse to reach job seekers.
- Exceeding baseline goal for WIOA enrollments. Currently reached 102.7% of their goal for the year.