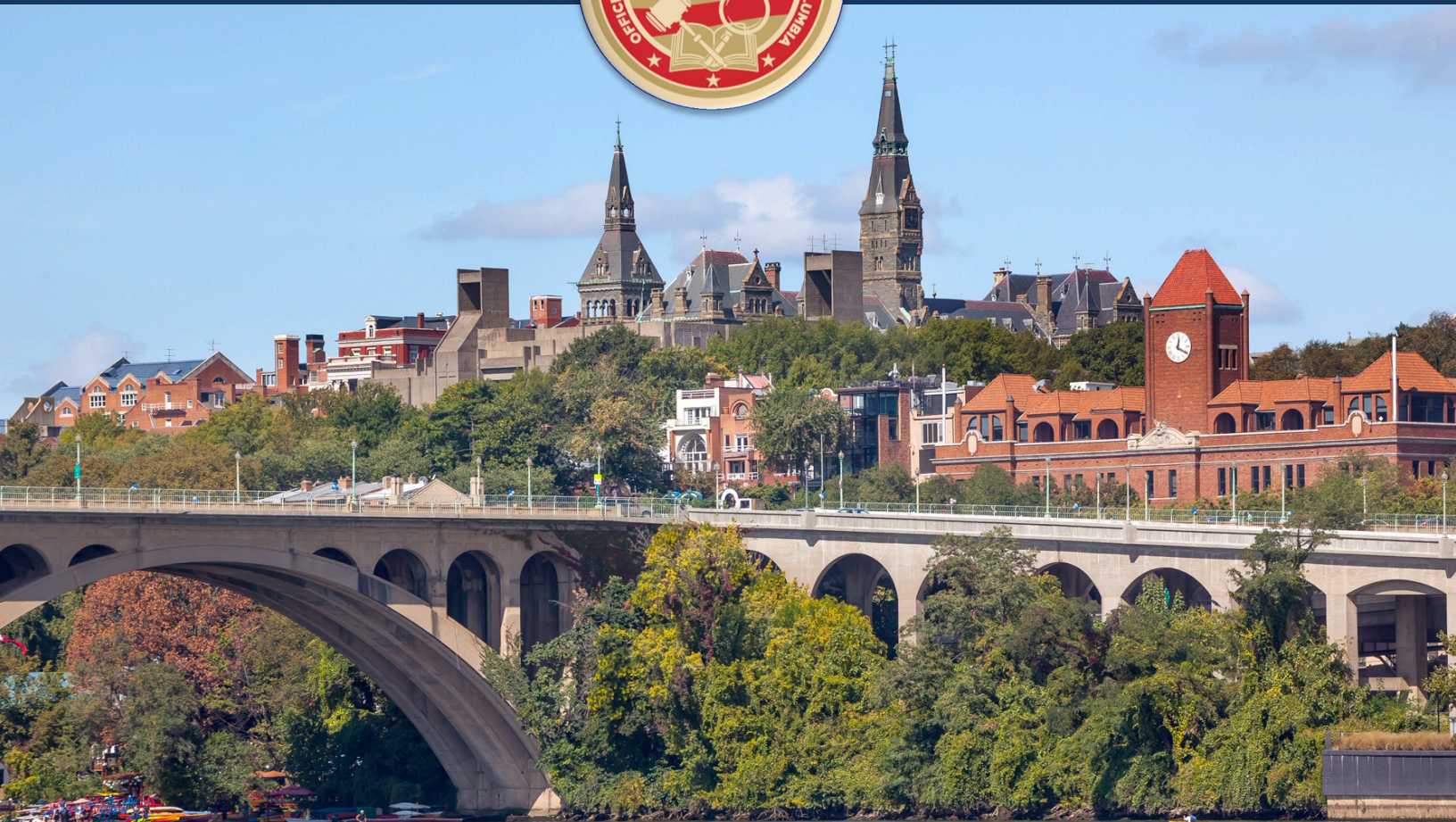


# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 19-1-23CF

July 2020



## DEPARTMENT OF EMPLOYMENT SERVICES

### DOES Can Improve Tracking and Reporting for Project Empowerment Program Performance Outcomes

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# DOES Can Improve Tracking and Reporting for Project Empowerment Program Performance Outcomes

## EXECUTIVE SUMMARY

### WHY WE DID THIS AUDIT

The Office of the Inspector General (OIG) conducted this audit to address D.C. Council concerns regarding whether the Department of Employment Services (DOES) Project Empowerment Program reduces barriers to employment for chronically unemployed residents.



### OBJECTIVES

The OIG conducted this audit to assess: (1) whether DOES tracks and accurately reports performance outcomes for the Project Empowerment Program; (2) the extent to which the overall goal of unsubsidized employment is achieved; and (3) the use of federal grant funds for the program. The audit focused on Project Empowerment Program activities from October 1, 2016, to September 30, 2018.

### WHAT WE FOUND

Project Empowerment Program (PEP) managers did not always maintain complete and accurate data, which limited DOES's ability to produce performance reports as required by District law.<sup>1</sup> For example, since 2005, over 2,000 participants who had either completed or dropped out of the program were listed as active in the Virtual One Stop (VOS) system. DOES officials provided reasons for incomplete and inaccurate data, including a lack of a customized case management system and experienced personnel. Improving and maintaining participant data quality would allow managers to accurately assess the program's effectiveness and produce quarterly performance reports as required by law.

Because the PEP data was not complete and accurate, the OIG analyzed payroll data to identify participants' population.<sup>2</sup> The payroll data contained hire dates and stipend payments, which allowed the OIG to establish that 1,621 participants started, completed, or dropped out of the program during fiscal years (FYs) 2017 and 2018. Of the participants who began the program, 715 (44 percent) completed the program and obtained unsubsidized employment, and 453 (28 percent) held those jobs for at least six months. However, PEP experienced large numbers of participant dropouts,<sup>3</sup> and DOES did not establish and track performance metrics to analyze root causes.

<sup>1</sup> D.C. Code § 32-771(b)(5)-(6).

<sup>2</sup> Project Empowerment participants were identified using PeopleSoft payroll data, which was validated by comparing it with the program cost data recorded in the District's System of Accounting and Reporting (SOAR) during FYs 2017 and 2018.

<sup>3</sup> A total of 48 percent (783 of 1,621) of participants dropped out of the program.

## ***EXECUTIVE SUMMARY***

The PEP's goal is to help 62 percent of program participants obtain and maintain unsubsidized employment.<sup>4</sup> According to program managers the OIG interviewed, PEP participants have substantial and longstanding employment barriers. Helping these individuals find permanent jobs is challenging. Therefore, the 62 percent goal of unsubsidized employment may be unrealistic.

Establishing performance metrics and performing root cause analysis to address the large number of participants dropping out may help DOES improve program effectiveness or identify an opportunity to develop a more realistic performance target.

As part of its overall budget for the program, DOES received \$893,420 and \$855,931.20 in federal grant funds during FYs 2017 and 2018. PEP expenditures supported salaries and benefits for ten full-time employees, supplies, uniforms, local travel, and other contractual services. As a result, the program's approved budget authority and overall spending amounts were increased.

### **WHAT WE RECOMMEND**

The OIG made 14 recommendations for DOES to improve PEP management and reporting of performance outcomes.

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<sup>4</sup> The FY 2019 Proposed Budget Financial Plan states that DOES' target was for 62 percent of adult residents who have barriers to employment and have received basic or individualized career services transitioned to unsubsidized employment during FYs 2017 and 2018. GOV'T OF THE DISTRICT OF COLUMBIA FY 2019 PROPOSED BUDGET AND FINANCIAL PLAN, VOL. 2 AGENCY BUDGET CHAPTERS PART I B-104 (July 12, 2018).



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



July 23, 2020

Unique N. Morris-Hughes, PhD  
Director  
Department of Employment Services  
4058 Minnesota Avenue, N.E.  
Washington, D.C. 20019

Dear Dr. Morris-Hughes:

Enclosed is our final report, *Department of Employment Services: DOES Can Improve Tracking and Reporting for Project Empowerment Program Performance Outcomes* (OIG Project No. 19-1-23CF). We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). Our audit objectives were to assess: (1) whether DOES tracks and accurately reports performance outcomes for the Project Empowerment Program; (2) the extent to which the overall goal of unsubsidized employment is achieved; and (3) the use of federal grant funds for the program. The audit was included in our *Fiscal Year 2019 Audit and Inspection Plan*.

We provided DOES with our draft report on June 19, 2020, and received its response on July 6, 2020, which is included as Appendix F to this report. We appreciate that DOES officials began addressing some of our recommendations immediately upon notification during the audit.

Our draft report included nine findings and 14 recommendations we made to DOES for actions deemed necessary to correct the identified deficiencies. DOES disagreed with two of the nine findings but agreed with the recommendations related to these findings. During the audit, we received DOES' views on our findings and conclusions in writing. We incorporated DOES' views in our draft report if supported by sufficient and appropriate evidence. DOES' July 6, 2020, response did not provide additional evidence to support its disagreement. Based on DOES's response, we re-examined our facts and conclusions and determined that the report is fairly presented.

DOES concurred with Recommendations 1-3, 5-11, and 14. DOES' actions taken and/or planned are responsive and meet the intent of the recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions. Although DOES did not fully agree with Recommendations 4, 12, and 13, DOES's actions taken and/or planned are responsive and meet the recommendations intent. To address Recommendation 12, DOES can use its existing SOP to formalize the dropout process instead of creating a separate SOP. Therefore, we consider these recommendations resolved but open pending evidence of stated actions.

Dr. Unique N. Morris-Hughes  
DOES' Project Empowerment Program  
Final Report: OIG Project No. 19-1-23CF  
July 23, 2020  
Page 2 of 3

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Fekede Gindaba, Acting Assistant Inspector General for Audits at (202) 727-2540.

Sincerely,



Daniel W. Lucas  
Inspector General

DWL/qh

Enclosure

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## TABLE OF CONTENTS

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|  | Page      |
|--|-----------|
| <b>Background .....</b>  | <b>1</b>  |
| <b>Findings .....</b>  | <b>2</b>  |
| DOES Did Not Always Track and Accurately Report Participants’<br>Performance Outcomes .....                | 2         |
| DOES Helped Participants Obtain Unsubsidized Employment but Missed its<br>Overall performance Target ..... | 5         |
| Use of Federal Grant Funds to Support the Program .....  | 8         |
| <b>Conclusion .....</b>  | <b>9</b>  |
| <b>Agency Responses and Office of the Inspector General Comments.....</b>                                  | <b>9</b>  |
| <b>Appendices .....</b>  | <b>11</b> |
| Appendix A. Objectives, Scope, and Methodology .....   | 11        |
| Appendix B. Acronyms and Abbreviations .....   | 12        |
| Appendix C. Analysis of Project Empowerment Operational Data.....  | 13        |
| Appendix D. Recommendations .....  | 15        |
| Appendix E. Participants Monthly Enrollment Data .....   | 16        |
| Appendix F. DOES’ Response to the Draft Report .....   | 17        |

## BACKGROUND

The Department of Employment Services (DOES) is responsible for administering the Project Empowerment Program (PEP) according to D.C. Code § 32–1331 (Transitional Employment Program) and the Apprenticeship Initiative Establishment Act of 2005.<sup>5</sup> The program supports the preparation of chronically unemployed and underemployed District residents for long-term gainful employment. PEP offers participants life skills and job-readiness training, counseling and case management, subsidized work experience, job coaching, and access to vital support services.<sup>6</sup>

### Project Empowerment Program Financial Information

PEP was authorized \$9.1 million and \$10.2 million in budgets in fiscal years (FYs) 2017 and 2018, respectively. DOES pays program participants \$9 per hour and related payroll taxes for attending the project’s job-readiness training phase and performing work at a DOES-approved employer site.<sup>7</sup> DOES also pays participants up to \$1,150 in retention incentives for maintaining unsubsidized employment for up to a year. The remaining portion of the program budget supports DOES administrative costs. Table 1 below shows the program participants’ actual cost and DOES’ administrative costs during FYs 2017 and 2018. We discuss the increase in actual program costs over the PEP authorized budgets later in this report.

**Table 1: Project Empowerment Program Actual Costs for FY 2017 and FY 2018 by Project Description**

| Project Description             | FY 2017      |      | FY 2018      |      |
|---------------------------------|--------------|------|--------------|------|
| <b>Participants Cost</b>        | \$6,366,498  | 64%  | \$5,791,009  | 55%  |
| <b>DOES Administrative Cost</b> | \$3,638,984  | 36%  | \$4,787,245  | 45%  |
| <b>Total</b>                    | \$10,005,482 | 100% | \$10,578,254 | 100% |

Source: OIG analysis of Project Empowerment Expenditures Maintained in the System of Accounting and Reporting (SOAR).

<sup>5</sup> Fiscal Year 2006 Budget Support Act of 2005, tit. II, subtitle H, D.C. Law 16-0033, effective from Oct. 20, 2005 (codified as amended at D.C. Code §§ 32-1331 – 1332 (Lexis current through Apr. 10, 2019)).

<sup>6</sup> According to DOES Standard Operating Procedures.

<sup>7</sup> The program updated the pay rate to \$9.50 in April 2019. As set forth in D.C. Code § 32-1331(d): “All jobs into which participants are placed shall pay stipends, training wages, or wages as the Mayor may determine are appropriate for the job and participant and shall last for a maximum of 12 months. Placements shall be made into jobs that provide participants the opportunity to obtain needed work experience and gain job skills, with the goal of a successful transition to unsubsidized employment.”

## **Project Empowerment Program Information**

PEP participants begin the program by attending life skills and job-readiness training to enhance their employability. DOES places program participants that complete this training in government agencies, non-profits, or private-sector employers under a subsidized work agreement. Finally, as part of its professional development program, DOES provides paid training and unpaid job search support for program participants who progress to the point where they seek permanent, unsubsidized employment.

## **Audit Objectives**

The objectives of this audit were to assess: (1) whether DOES tracks and accurately reports performance outcomes for the Project Empowerment Program; (2) the extent to which the overall goal of unsubsidized employment is achieved; and (3) the use of federal grant funds for the program. The audit was included in the Office of the Inspector General's (OIG) *Fiscal Year 2019 Audit and Inspection Plan*. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS).

## **FINDINGS**

### **DOES DID NOT ALWAYS TRACK AND ACCURATELY REPORT PARTICIPANTS' PERFORMANCE OUTCOMES**

DOES could strengthen its management oversight of the PEP by designing additional procedures to ensure program participant data reliability and timely submission of statutorily-required reports.

#### **DOES Did Not Maintain Reliable Program Participant Data**

DOES staff did not always maintain complete and accurate program participant data as required by its Standard Operating Procedures (SOP), which state:

The names of participants enrolled in [Project Empowerment] PE are entered into the District's Virtual One Stop, DC Networks (VOS), or a DOES approved data management system, which manages demographic data and employment activity for each participant. The collection of this information facilitates the ability to generate status reports, allowing [DOES, Division of State Initiatives] DSI staff to monitor a number of performance metrics [.]<sup>8</sup>

For example, DOES did not close-out records for over 2,000 participants who completed or dropped out of the program but were still active in the VOS system. DOES officials told us that they were aware of the need to clean-up the data and have started that process.

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<sup>8</sup> D.C. OFFICE OF EMPLOYMENT SERVICES STANDARD OPERATING PROCEDURES, DATA MANAGEMENT, AND PERFORMANCE MEASUREMENT 10 (Rev. June 2018).



In a second example, DOES did not update the VOS system for all participants who received retention incentive payments. According to the SOP, “[t]o receive job retention incentives [,] participants must provide proof of unsubsidized employment.”<sup>9</sup> The SOP also requires retention specialists to document participants’ proof of unsubsidized employment in VOS within 24 hours of receiving such documentation.<sup>10</sup>

In a third example, DOES did not always timely record staff notes and observations in VOS. The SOP requires job developers and coaches to document their interactions with program participants in VOS within 24 hours.<sup>11</sup> According to DOES officials, job coaches can enter data on participant activities as late as 30 days after the event, which conflicts with the SOP’s 24-hour requirement. Maintaining accurate, complete, and current participant data can give program managers better information on outcomes and provide program improvement opportunities.

We recommend that the Director of DOES:

1. Establish periodic monitoring protocols to ensure program information is complete and accurate.
2. Develop additional procedures to establish staff responsibilities for collecting and maintaining complete and accurate information.
3. Develop procedures to conduct periodic training on SOP requirements.
4. Establish procedures to ensure case notes are entered in the VOS system within 24 hours.
5. Develop a plan to close-out inactive program participants in the VOS system.

### **DOES Did Not Submit Timely Required Quarterly Reports**

DOES has not yet submitted some of the statutorily-required quarterly reports as of August 31, 2019<sup>12</sup> DOES was unable to provide quarterly reports for the 4th quarter of FY 2018, and any reports through August 31, 2019, for FY 2019. When quarterly reports were available, there were instances in which statutorily-required information was missing, for example:

The number and percentage of participants who have been hired into unsubsidized jobs upon completion of the subsidized component of [the Transitional Employment Program] TEP or within six months of participating in the program, and the average wages of those hired; and

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<sup>9</sup> *Id.* at 26 (Employment Milestones).

<sup>10</sup> *Id.* at 28.

<sup>11</sup> *Id.* at 17 (Role of the Project Empowerment Job Coach).

<sup>12</sup> According to D.C. Code § 32-771(a), “[b]eginning on February 15, 2013, the Department of Employment Services (“Department”) shall transmit to the Council on a quarterly basis, and make available on the Department’s website, a report on the outcomes associated with all local funding administered by the Department for job training or adult education purposes.”

Among program participants who found unsubsidized employment, the number and percentage of participants who retained unsubsidized employment for at least six months after their initial unsubsidized start date.<sup>13</sup>

Because the statutorily-required information was missing, we analyzed payroll data to calculate the missing information.<sup>14</sup> We determined that 715 of 1,621 (44 percent) program participants obtained unsubsidized employment, and 453 (28 percent) participants held the job for at least six months. However, the payroll data did not include unsubsidized wage amounts to calculate the average wages of the 715 participants as D.C. Code § 32-771(b) (5) requires.

When quarterly reports were available for our review, there were instances where the reports were inaccurate due to the PEP managers' failure to maintain complete and accurate data, as discussed above.<sup>15</sup> For example, for February 2018, DOES inaccurately reported the number of participants enrolled as 446. Our audit found that there were only 422 participants. In some cases, DOES over-reported the number of participants, the number of private-sector employers, and the average days in subsidized placement throughout FYs 2017 and 2018.

DOES officials provided reasons for the untimely report submissions and inaccurate reporting, which included a lack of a customized case management system and experienced personnel to work with the VOS system. According to the officials, the VOS system is not suitable for the PEP because it is designed for federal programs.

In the absence of reliable reports, we used payroll data to accurately present the statutorily-required reports for the two years (see appendix E) for the monthly participant information.

Maintaining accurate, complete, and current participant data will enable DOES to effectively and efficiently demonstrate its compliance with laws and regulations governing the PEP.

We recommend that the Director of DOES:

6. Establish procedures to collect and maintain statutorily-required performance data.
7. Develop procedures to ensure quarterly reports are accurate, complete, current, and published timely.

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<sup>13</sup> See D.C. Code § 32-771(b)(5)-(6).

<sup>14</sup> PEP participants were identified using PeopleSoft payroll data, which we validated by comparing it with program cost data recorded in the District's System of Accounting and Reporting (SOAR) during FYs 2017 and 2018. See Appendix A for more information on scope and methodology.

<sup>15</sup> See D.C. Code § 32-771(b)(1)-(5).

## **DOES HELPED PARTICIPANTS OBTAIN UNSUBSIDIZED EMPLOYMENT BUT MISSED ITS OVERALL PERFORMANCE TARGET**

PEP helped participants with employment barriers but did not achieve its established goal to help 62 percent secure unsubsidized employment. We assessed the program's effectiveness by developing a data set of 1,621 participants that started, completed, or dropped out during FYs 2017 and 2018. We discuss the outcome of the assessment in the subsequent section of this finding. Also, see Appendix C for more summarized information on this assessment.

### **DOES Project Empowerment Did Not Meet its Established Goal**

We found that 44 percent (715 of 1,621) of program participants obtained unsubsidized employment, compared to the goal of 62 percent. We also found that only 28 percent of participants held the job for at least six months.

A total of 783 participants dropped out of the program. Many dropouts contributed to DOES not meeting its goal of 62 percent of participants obtaining unsubsidized employment. DOES did not establish and track performance metrics to effectively manage the number of participant dropouts for each program phase. Establishing performance metrics and performing root cause analysis may help DOES achieve its performance goals or identify achievable performance goals.

### **DOES Did Not Establish Performance Metrics to Measure the Effectiveness of Job-Readiness Training**

DOES documented the need for performance measurement in its SOP but did not establish performance metrics to monitor job-readiness training effectiveness. All program participants are required to complete three weeks of classroom-based life skills and job-readiness training intended to enhance their employability. Only 4 percent (68 of the 1,621) of program participants dropped out during job-readiness training. The remaining 1,553 (96 percent) participants were eligible for placement into the program's subsidized work experience phase or were able to transition to unsubsidized employment.<sup>16</sup>

DOES documented that 33 of 68 dropouts from job-readiness training failed to comply with program policies, but did not record the reason the remaining 35 participants dropped out. Analyzing the reasons for participants' exit from job-readiness training and developing strategies to mitigate may increase DOES's likelihood of achieving its overall performance target.

We recommend that the Director of DOES:

8. Establish performance metrics to measure the effectiveness of job-readiness training.

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<sup>16</sup> Of the 1,553 participants, 33 transitioned to unsubsidized employment. The remaining 1520 advanced to the next phase of the program – subsidized work placement.



### **DOES Did Not Develop a Plan to Improve the Performance Target for Participant Placement in Subsidized Employment**

According to DOES, PEP has established a target of finding subsidized employment for all program participants that complete job-readiness training.<sup>17</sup> Of the 1,520 participants that were eligible for subsidized work placement, 119 dropped out of the program while waiting to be placed in subsidized employment. The remaining 1,401 participants were either placed in subsidized work assignments or advanced directly to consideration for unsubsidized employment, which, if successful, is the ultimate goal for participants in the program.<sup>18</sup>

According to DOES officials, program staff used phone calls and letters to follow-up with the participants. However, DOES did not include the follow-up requirements in its SOP. Formalizing follow-up practices into the SOP would help DOES to document and track participants' progress. Analyzing the reasons for missed performance targets for subsidized work assignments could help DOES assess whether subsidized employment for all participants that complete job-readiness training is realistic.

We recommend that the Director of DOES:

9. Develop a plan to achieve or revise performance targets for participant placements in subsidized employment.
10. Formalize the process for following up with participants into an SOP.

### **DOES Did Not Analyze the Root Causes for Participant Worksite Dropouts**

Of the 1,339 participants placed in subsidized work assignments, 596 (45 percent) dropped out of the program. Of the remaining 743 (55 percent) participants, 274 were eligible for the next phase of PEP, which is professional development, and 469 transitioned to unsubsidized employment.

In some instances, the VOS system reflected the reasons participants dropped out, like termination and voluntary departure from worksites. While the SOP provides step-by-step procedures for enrolling candidates into the program, DOES did not have similar processes for participants who exit or dropout in the middle of the program. Formalizing similar procedures into the SOP would help DOES maintain supporting documentation and analyze the root causes. Addressing the root causes may help DOES in meeting its overall goal of participants obtaining permanent employment.

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<sup>17</sup> DOES works with government agencies, non-profit organizations, and private sector employers to place participants in subsidized work assignments. As such, DOES formally executed agreements with potential employers. The terms of agreements ranged from 30 days to 6 months.

<sup>18</sup> Of the 1,401 participants, 62 transitioned to unsubsidized employment. The remaining 1,339 advanced to the next phase of the program – subsidized work assignment.

We recommend that the Director of DOES:

11. Develop procedures to ensure the Project Empowerment Program maintains adequate supporting documentation in the VOS system.
12. Formalize the participant dropout process into the SOP.

### **DOES Placed Participants in Subsidized Worksites but the Majority of those Participants Did Not Obtain Permanent Jobs at those Worksites**

DOES placed 1,339 of the 1,621 (83 percent) participants in our data set in subsidized work assignments; however, only 141 (9 percent) obtained permanent employment at the same worksites where they worked as subsidized employees. According to its SOP, DOES has the discretion to place participants in subsidized worksites for 30 days to 6 months. The SOP includes criteria that DOES should consider in determining the length of subsidized worksite placements and any extensions. These criteria include the complexity of the worksite assignment, participants' existing skillsets, and whether the arrangement will end with permanent employment. We found no evidence that DOES used the criteria to assess extending participants' time at subsidized worksites. Following these criteria could provide useful insight moving forward to better match program participants' skills with worksite assignment requirements and improve participants' chances of finding permanent employment.

District law requires that DOES publicly report the number and percentage of participating residents who receive additional wages during subsidized employment, and the amount of any other wages.<sup>19</sup> We did not find evidence that any subsidized participant received additional wages from their employer because DOES did not maintain or report this information as required.

We recommend that the Director of DOES:

13. Develop procedures to enforce the worksite placement extension criteria.

### **DOES Can Improve its Process for Preparing Participants for Permanent Employment**

DOES provides paid structured training and unsubsidized job search support for participants who are unable to find permanent jobs during the job-readiness training and subsidized work phases of the program. In our data set, 274 participants completed job-readiness training and subsidized work assignments without obtaining unsubsidized employment. Of these 274 participants, 123 (45 percent) did not find an unsubsidized job or had an unknown job status reflected in the DOES case management system.<sup>20</sup>

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<sup>19</sup> D.C. Code § 32-771(b)(3) requires that DOES report “[t]he number and percentage of participating residents who receive wages from their employer in addition to their subsidized wage and the average amount of the additional wages.”

<sup>20</sup> As discussed in the next section, these 123 participants were eligible for professional development services through the program.

According to the SOP, a job coach is responsible for monitoring a participant's readiness to transition from subsidized employment to a permanent job (unsubsidized employment).<sup>21</sup> However, according to DOES officials, a participant completing any phase of the program was a successful outcome, even if a participant did not obtain unsubsidized employment. The participant was considered to be a more useful member of society.

### **DOES Did Not Establish a Plan to Transition Eligible Participants to Professional Development**

Of the 123 participants that were eligible for professional development services through the program, 54 did not participate. DOES identified the status of these participants as "unknown" in its case management system. The remaining 69 participants completed all phases of the program but did not obtain unsubsidized employment.

According to the SOP:

Individuals successfully completing [subsidized work experience] are considered the most ideal candidates for timely job placement through [professional development].

Near the end of the participant's subsidized work experience, the Job Coach meets with the WEX [work experience] Worksite Supervisor to determine the hiring potential. If it is not the employer's intention to make an unsubsidized offer, the Job Coach will advise the participant's transitioning process and dates.<sup>22</sup>

DOES did not always document evidence indicating that job coaches met with worksite employers and advised these participants on the process of transitioning to professional development. Without a plan in place, and detailed case notes from the job coaches, DOES cannot assess why 69 participants did not obtain permanent employment.

We recommend that the Director of DOES:

14. Establish a plan to monitor the program transitioning process for eligible participants to professional development services.

### **USE OF FEDERAL GRANT FUNDS TO SUPPORT THE PROGRAM**

DOES entered into a memorandum of understanding (MOU) with District of Columbia Department of Human Services (DHS) to set forth the terms and conditions under which DOES would expand access to services to Supplemental Nutrition Assistance Program (SNAP)

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<sup>21</sup> D.C. OFFICE OF EMPLOYMENT SERVICES STANDARD OPERATING PROCEDURES, DATA MANAGEMENT AND PERFORMANCE MEASUREMENT 18 (Rev. June 2018).

<sup>22</sup> *Id.* at 19 (Transition to professional development).



recipients.<sup>23</sup> As part of its overall budget for the program, DOES received and used \$893,420 and \$855,931.20 in federal grant funds during FYs 2017 and 2018, respectively. DHS transferred the funds to DOES on February 27, 2017, and February 13, 2018, for each FY, respectively. Consistent with the MOU's terms and conditions, DOES spent the funds it received from DHS on PEP activities such as salaries and benefits for ten full-time employees, supplies, uniforms, local travel, and other contractual services. As a result of the MOU, the program's approved budget authority and overall spending amounts (see Table 1 above) were increased.

## **CONCLUSION**

The Project Empowerment Program prepares District residents with chronic barriers to employment to obtain gainful employment. Successful outcomes for both participants and District taxpayers depend on how effective DOES manages the program. DOES could improve management oversight of the program by maintaining accurate, complete, and current participant data. Reliable data would help DOES establish better metrics to measure its performance and meet reporting requirements.

## **AGENCY RESPONSES AND OFFICE OF THE INSPECTOR GENERAL COMMENTS**

We provided DOES with our draft report on June 19, 2020, and received its response on July 6, 2020, which is included as Appendix F to this report. We appreciate that DOES officials began addressing some of our recommendations immediately upon notification during the audit.

Our draft report included nine findings and 14 recommendations we made to DOES for actions deemed necessary to correct the identified deficiencies. DOES disagreed with two of the nine findings but agreed with the recommendation related to these findings. During the audit, we did receive DOES' views on our findings and conclusions in writing. We incorporated DOES' views in our draft report as necessary if we found the views valid and supported by sufficient, appropriate evidence. DOES' July 6, 2020, response did not provide additional evidence to support its disagreement. Based on DOES' response, we re-examined our facts and conclusions and determined that the report is fairly presented.

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<sup>23</sup> According to the FY 2017 MOU, "[t]hrough the use of federal reimbursement [Food Stamp Employment Training Program] FSET shall reimburse DOES for eighty percent (80%) of the fifty percent (50%) of allowable expenditures, up [to] ... [\$2,362,986.00]." Memorandum of Understanding between the D.C. Department of Employment Services and the D.C. Department of Human Services for Fiscal Year 2017, Modification Number One, § XI, ¶ 1 (Dec. 12, 2016). The FY 2018 MOU also states that "[t]hrough the use of federal reimbursement SNAP [Employment and Training] E&T, DHS shall reimburse DOES for eighty percent (80%) of the fifty percent (50%) of allowable expenditures, up to ... [\$2,126,687.04]." Memorandum of Understanding between the D.C. Department of Employment Services and the D.C. Department of Human Services for Fiscal Year 2018, Modification Number Three, § IV, ¶ 1 (Dec. 18, 2017).

DOES concurred with Recommendations 1-3, 5-11, and 14. DOES' actions taken and/or planned are responsive and meet the intent of the recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions. Although DOES did not fully agree with Recommendations 4, 12, and 13, DOES' actions taken and/or planned are responsive and meet the recommendations intent. To address Recommendation 12, DOES can use its existing SOP to formalize the dropout process instead of creating a separate SOP. Therefore, we consider these recommendations resolved but open pending evidence of stated actions.

## **APPENDIX A. OBJECTIVES, SCOPE, AND METHODOLOGY**

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We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this audit were to assess: (1) whether DOES tracks and accurately reports performance outcomes for the Project Empowerment Program; (2) the extent to which the overall goal of unsubsidized employment is achieved; and (3) the use of federal grant funds for the program. The period under review was October 1, 2016, through September 30, 2018.

We reviewed applicable laws, rules, and regulations to assess whether DOES complied with requirements in all material respects to accomplish the objectives. We conducted interviews with DOES staff members, worksite employers, and program participants.

We used payroll records from PeopleSoft, and labor data from People First, to identify the number of participants enrolled in the program. We validated participants' payroll data against program expenditures maintained in the District's System of Accounting and Reporting (SOAR). We used participants' program start dates and the amount of retention payment to sort the number of participants in the program. We used the DOES case management database, participants' payroll data for retention incentive payments in PeopleSoft, and wage bump data from the District Unemployment Insurance database to determine participants who found unsubsidized jobs. We used the number of paid hours from the payroll records to identify each participant who completed program phases.

We performed a reliability assessment of computer-processed data to verify the accuracy of the information. We randomly selected 30 participants from the enrolled population to validate the data and determined that the data were sufficiently reliable.

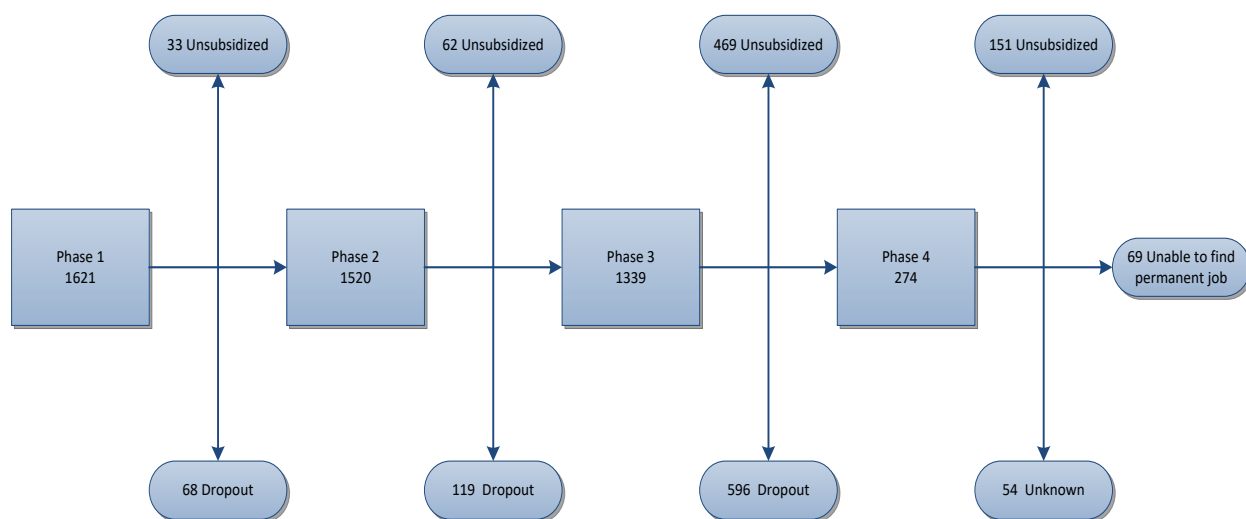
## **APPENDIX B. ACRONYMS AND ABBREVIATIONS**

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|       |  |
|-------|--|
| DHS   | Department of Human Services                     |
| DOES  | Department of Employment Services                |
| FY    | Fiscal Year                                      |
| GAGAS | Generally Accepted Government Auditing Standards |
| MOU   | Memorandum of Understanding                      |
| OIG   | Office of the Inspector General                  |
| PEP   | Project Empowerment Program                      |
| SNAP  | Supplemental Nutrition Assistance Program        |
| SOAR  | System of Accounting and Reporting               |
| SOP   | Standard Operating Procedures                    |
| VOS   | Virtual One Stop System                          |

## APPENDIX C. ANALYSIS OF PROJECT EMPOWERMENT OPERATIONAL DATA

**Figure 1: Analysis of Operational Information by Program Phases for FYs 2017 – 2018  
(Number of Participants by Phase and Status)**



### Phase 1: Participants Life Skills and Job-readiness Training

All participants are required to complete three weeks (classroom-based) paid life skills and job-readiness training. It provides participants with the skills needed to enhance their employability.

### Phase 2: Waiting Period for Subsidized Work Experience Assignment

Two weeks after completing job-readiness training, participants advance to subsidized work experience. During this two-week waiting period, DOES identifies subsidized employment opportunities for participants. However, DOES does not pay participants during this two-week waiting period.

### Phase 3: Subsidized Work Experience

DOES works with government agencies, non-profit organizations, and private sector employers to place participants in subsidized work assignments. As such, DOES formally executes agreements with potential employers. The terms of agreement range from 30 days to 6 months.

## **APPENDIX C. ANALYSIS OF PROJECT EMPOWERMENT OPERATIONAL DATA**

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### **Phase 4: Transition to Professional Development**

DOES provides paid structured training and unsubsidized job search support for participants who complete subsidized work assignments. Two to four weeks before the end of the subsidized work placement, DOES identifies candidates who are eligible for transitioning to professional development opportunities. During the program's professional development phase, participants can earn up to 6 weeks of paid training.



## **APPENDIX D. RECOMMENDATIONS**

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We recommend that the Director of DOES:

1. Establish periodic monitoring protocols to ensure program information is complete and accurate.
2. Develop additional procedures to establish staff responsibilities for collecting and maintaining complete and accurate information.
3. Develop procedures to conduct periodic training on SOP requirements.
4. Establish procedures to ensure case notes are entered in the VOS system within 24 hours.
5. Develop a plan to close-out inactive program participants in the VOS system.
6. Establish procedures to collect and maintain the statutorily required performance data.
7. Develop procedures to ensure quarterly reports are accurate, complete, current, and published timely.
8. Establish performance metrics to measure the effectiveness of job-readiness training.
9. Develop a plan to achieve or revise performance targets for participant placements in subsidized employment.
10. Formalize the process for following up with participants into an SOP.
11. Develop procedures to ensure the Project Empowerment Program maintains adequate supporting documentation in the VOS system.
12. Formalize the participant dropout process into an SOP.
13. Develop procedures to enforce the worksite placement extension criteria.
14. Establish a plan to monitor the program transitioning process for eligible participants to professional development services.

## APPENDIX E. PARTICIPANTS MONTHLY ENROLLMENT DATA

### Complete Participants Monthly Enrollment Activities<sup>24</sup>

| Month     | Number of Participants |         | Number of Private Sector Employers |         | Average Days in Subsidized Placement |         |
|-----------|------------------------|---------|------------------------------------|---------|--------------------------------------|---------|
|           | FY 2017                | FY 2018 | FY 2017                            | FY 2018 | FY 2017                              | FY 2018 |
| October   | 399                    | 384     | 31                                 | 26      | 118                                  | 88      |
| November  | 431                    | 377     | 20                                 | 11      | 113                                  | 80      |
| December  | 495                    | 380     | 28                                 | 22      | 105                                  | 84      |
| January   | 385                    | 540     | 28                                 | 26      | 109                                  | 87      |
| February  | 474                    | 446     | 16                                 | 19      | 117                                  | 90      |
| March     | 446                    | 475     | 28                                 | 26      | 87                                   | 78      |
| April     | 476                    | 397     | 30                                 | 30      | 95                                   | 65      |
| May       | 403                    | 359     | 26                                 | 12      | 104                                  | 68      |
| June      | 425                    | 385     | 24                                 | 11      | 90                                   | 77      |
| July      | 423                    | 385     | 17                                 | 36      | 85                                   | 79      |
| August    | 380                    | 372     | 29                                 | 39      | 80                                   | 99      |
| September | 407                    | 382     | 20                                 | 31      | 95                                   | 136     |

Source: OIG analysis of participants' time and attendance and payroll data

<sup>24</sup> Because no participants received wages from their employer in addition to their subsidized wage, we excluded reporting required under D.C. Code § 32-771(b)(3) from the table.

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

### GOVERNMENT OF THE DISTRICT OF COLUMBIA

Department of Employment Services



MURIEL BOWSER  
MAYOR

DR. UNIQUE MORRIS-HUGHES  
DIRECTOR

July 2, 2020

Mr. Daniel W. Lucas  
Inspector General  
D.C. Office of the Inspector General  
717 14<sup>th</sup> Street NW  
Washington, D.C. 20005

RE: OIG Draft Report No.19-1-23CF-DOES Can Improve Tracking and Reporting for Project Empowerment

Dear Inspector General Lucas:

Attached, please find DOES' response to OIG's Draft Report No. 19-1-23CF. We appreciate the opportunity to comment on this draft report. Should you have any questions, please contact Ramón Pérez-Goizueta, DOES Chief Compliance Officer at (202) 671-1673 or [ramon.perez-goizueta2@dc.gov](mailto:ramon.perez-goizueta2@dc.gov).

Thank you.

Kind regards,

Dr. Unique Morris-Hughes  
Director

cc: Ramón Pérez-Goizueta, DOES Chief Compliance Officer  
Matthew Wilcoxson, Deputy Inspector General, Operations

Attachments

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

### GOVERNMENT OF THE DISTRICT OF COLUMBIA

Department of Employment Services



MURIEL BOWSER  
MAYOR

DR. UNIQUE MORRIS-HUGHES  
DIRECTOR

July 2, 2020

**District of Columbia, Department of Employment Services, Division of State Initiatives  
Response to the District of Columbia Office of the Inspector General Report: DOES Can  
Improve Tracking and Reporting for Project Empowerment Program Performance Outcomes  
(OIG Project No. 19-1-23CF, dated June 2020)**

#### Background

The District of Columbia Department of Employment Services (DOES) manages and supports a number of workforce development and job training programs in Washington, D.C. One of these programs is Project Empowerment, the subject of the OIG report. Project Empowerment is a transitional jobs program serving adult residents between the ages of 22 and 54 facing substantial challenges to employment. Barriers include previous incarceration, lack of a high school diploma or GED, homelessness, history of job cycling, and substance abuse. The underlying assumption with transitional jobs models is that those entering the doors seeking services are not prepared to succeed in unsubsidized employment because of the severe challenges they face. While similar programs serve individuals with single barriers, Project Empowerment requires a minimum of three barriers for program eligibility.

Those enrolling require specialized programming, ongoing support and, more importantly, opportunities to learn to work by actually working. Thus, the Project Empowerment design includes components designed to meet participants “where they are” and support them as they move through the process with the ultimate goal of securing employment. A network of supportive services providers—community based and public sector—partner with the program in offering critical assistance with housing, mental health counseling, healthcare, clothing, and other resources.

DOES reviewed the OIG report and provides the following clarifications and responses to the OIG recommendations. Many of the recommendations are valid and DOES is either in the process of addressing them or has already taken steps to strengthen the management and oversight of the Project Empowerment program. Where DOES disagrees with an OIG finding or recommendation, we have so noted. As discussed below, several of the findings do not accurately describe the success measures or financial expenditures of the Project Empowerment program. In the first instance below, this is due to the OIG comparing agency-wide performance goals to a single program. Bolded headings refer to the same headings contained in the report.

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

### **Executive Summary: What We Found**

This section states that the agency Project Empowerment program goal is to help 62% of program participants obtain and maintain unsubsidized employment.

#### **DOES Response**

This is incorrect. The reference to a 62% performance target is not associated with Project Empowerment. Instead, the goal listed is for agency-wide adult employment programs under the federal Workforce Innovation and Opportunity Act (WIOA), which include a number of programs targeting workforce participants that are not facing the high number of barriers typical of Project Empowerment participants.

The local legislation governing the Transitional Employment Program, also known as Project Empowerment, does not specify key performance indicators for the program. However, there are internally set outcome goals for the program that are aligned with outcomes established for transitional jobs programs nationally and are based on subject matter research and best practices.

### **Background: Table 1**

#### **DOES Response**

The table listing actual program costs cites a figure for administrative costs that is inaccurate based on the inclusion of costs related to participant transportation assistance, contractual services and grants—these are not administrative costs.

### **Finding: DOES did not always track and accurately report participants performance outcomes**

#### **DOES did not maintain reliable participants data**

#### **DOES Response**

DOES acknowledges that over 2,000 participants showing as active during the audit period, but were in fact closed files, were identified. To date, the 2,000+ participant files in question have been closed in the Virtual One Stop system (VOS). The audit team confirmed that no payments were made to the 2,000 inactive participants.

While the Project Empowerment Standard Operating Procedure (SOP) does reflect a 24-hour period for documentation to be entered in the Virtual One Stop case management system (VOS), our internal policies, monitoring/audit tools, and staff training all specify 72 hours as the timeframe to document participant interactions in VOS. This is a longstanding practice and we adhere to this timeframe. Due to an administrative oversight, this revision was not made to the actual SOP document which has since been updated to reflect the actual timeframe followed.

### **Finding: DOES did not timely submit statutorily required reports**

#### **DOES Response**

The quarterly report requirement referenced in D.C. Code §32-771(a) includes information pertaining to a number of DOES programs and divisions. It is not limited to the Project Empowerment program outcomes. Although all required reports for FY17 were submitted and published, FY18 and FY19 were delayed. DOES is reviewing these matters and will take appropriate action to publish the reports.

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

**Finding: DOES helped participants obtain unsubsidized employment but missed its overall performance target**

**DOES Response**

DOES disagrees with this finding. As previously referenced, the 62% target in this section incorrectly cites a goal associated with agency-wide adult employment programs that are federally funded under the Workforce Innovation and Opportunity Act (WIOA). This is not a Project Empowerment performance goal. Attached is the referenced DCOCFO FY19 Budget Vol 2. The Key Performance Indicators (KPIs) for DOES are listed on Page B-104. Please note that this goal does not apply to Project Empowerment specifically and therefore it should not be the basis for determining program success under this OIG assessment.

**Finding: DOES Project Empowerment Did Not Meet its Established Goal**

**DOES Response**

DOES disagrees with this finding. The local legislation governing the Transitional Employment Program, also known as Project Empowerment, does not specify key performance indicators. There are internally set outcome goals for the Project Empowerment program that are aligned with outcomes established for transitional jobs programs nationally. See below for a discussion of the internal DOES goal for Project Empowerment program participants.

**Finding: DOES did not establish performance metrics to measure the effectiveness of job readiness training.**

**DOES Response**

DOES disagrees with this finding. There are no established KPIs, for this program, however we do have an internal goal that 50% of Project Empowerment job readiness training graduates will find unsubsidized employment. While not formally documented in any KPI documents, it is based on populations presenting with multiple barriers to employment and is the measure used to evaluate team and program performance. Our program focuses on developing life skills and other strengths that enable participants to reach new levels of success, including decreased connections to the criminal justice system (results in reduced recidivism). Internally, we measure the effectiveness of our job readiness training by many factors, including those who choose to enter other supportive services such as mental health and substance abuse programs, which are also avenues to success.

**Finding: DOES did not develop a plan to improve the performance target for participant placement in subsidized employment.**

**DOES Response**

As stated earlier, there is no key performance indicator associated with placement in subsidized employment for this program. However, DOES has/follows a plan to improve performance targets. In 2019, Project Empowerment created a Job Development unit that allows staff to focus on increasing the number and creating more substantive subsidized worksites. Project Empowerment offers people choices after graduation from job readiness training. Please note that there are many people who forgo subsidized work experience (WEX) for occupational skills training, GED, unsubsidized employment, or other supportive options to help them become work ready. DOES would not consider such a participant as having failed the program.



## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

**Finding: DOES did not analyze the root causes for participant worksite dropouts.**

**DOES Response**

On an ongoing basis, DOES analyzes root causes for participant worksite dropouts. We have found that the population served presents with a multitude of root causes for failure to complete a phase of the program—some are addressed through our specialized programming and others require we tap into a network of public/private sector partners for support.

Issues identified vary but often include interpersonal challenges, drug abuse or dependency, mental health challenges, familial dysfunction, criminal justice system involvement, and/or housing insecurity. These challenges, along with work experience gaps, are drivers to the number of participants dropping from the program. This analysis allows program staff to assess the need for enhancements that will mitigate those factors and increase the likelihood of positive outcomes.

Over time we've found multiple root causes hindering participant success and the agency has implemented a variety of mitigating practices including, but not limited to:

- establishing an MOU to co-locate a Department of Behavioral Health therapist, on-site, to address a wide variety of root causes including mental health, stress, coping, anxiety, depression, substance abuse, triggers etc.;
- contracting with the Transitional Residential Program to address the root cause of homelessness;
- partnering with Greater Washington Urban League, for an on-site Financial Specialist, to provide financial literacy counseling and training to address root causes associated with money management;
- working with DCHR to offer an enhanced background check process to help participants and program staff map a course to success despite the real and perceived root causes of justice system involvement;
- contracting with a vendor to offer technology training to address the root cause of technology skills deficiencies;
- contracting with a vendor to offer the optional Professional Development resource, on-site, to address various root causes surrounding marketability, resume-building, extended interview prep, etc. and to offer participants who do not feel ready, an additional support;
- partnering with the Department of Health to offer substance abuse referral options on-site; and
- partnering with Wells Fargo to discuss money management

For individual participants who choose to no longer participate, many provide feedback, but some do drop out of the program without notice. We are able, and have been able, to analyze reasons for dropouts with feedback from the participants who respond. This feedback sparks program enhancements, mentioned above. If participants don't reconnect with us or respond to attempts to contact them via phone calls and letters, we aren't able to analyze root causes for those individuals.

**Finding: DOES placed participants in subsidized worksites, but the majority of those participants did not obtain unsubsidized employment at those worksites**

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

### **DOES Response**

The work experience component is intended to provide opportunities for participants to gain on-the-job exposure and learn skills critical to workplace success. WEX host sites **are not required** to hire participants for permanent positions and there is no worksite placement requirement for hiring into unsubsidized positions. Worksite agreements established with employer partners outline required guidelines and state the intended goal of developing skills that increase employability following the subsidized experience. Employers serving as host sites are encouraged to hire whenever possible; however, this is not a requirement.

When using the phrase “viable employers” we are speaking to the nature of the work experience and how likely a worksite is to offer substantive on-the-job learning opportunities, not the viability of the participant gaining unsubsidized employment at that worksite. The specific language “evaluate employment prospects and establish worksite agreements with viable employers” is accurate, concerning a worksite that provides a quality work experience (WEX). While we support worksites that have the capacity to hire participants, it is not a requirement of the program relationship.

### **Finding: DOES can improve its process for preparing participants for permanent employment**

### **DOES Response**

While there is always room to enhance services offered our residents, we are meeting the program goal of placing 50% of our job readiness training (JRT) graduates in unsubsidized employment. The finding states that 55% of participants in the sample transitioned to unsubsidized employment; therefore, we exceeded the established goal for the program.

Additionally, Project Empowerment has program participants who take longer than six months to make the transition to unsubsidized employment. These individuals participate, benefit from services, and move on to make independent connections to work. While this outcome may not be reported to the program by the participants, tools such as wage bump information provided by another DOES division may be utilized to gather additional information on individuals obtaining employment.

### **Finding: DOES did not establish a plan to transition participants to Professional Development**

### **DOES Response**

DOES has an internal process governing how referrals are made to Professional Development. However, Professional Development is a voluntary component of our program and not a requirement for WEX completers. Professional Development is one of many **optional** resources available to participants—during which time they update their resumes, practice interviewing skills and work towards obtaining a job, changing jobs, or advancing on a job. As such, a participant’s choice to attend, or to not attend, is not a reflection of program success or failure. This is also referenced in the SOP as “individuals completing work experience, skills training, adult basic education, and other approved programming **may** transition to PD.”

However, it is certainly a mission of DOES to find avenues to employment for its constituents. With that being said, the referral process is as follows: Job Coaches discuss professional development (PD) resources with participants. At the time that the participant chooses to take advantage of the resource, the Job Coach uses an online referral document to submit participant information to the designated PD Coordinator for scheduling. The PD Coordinator schedules the participant and sends

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

a confirmation to the Job Coach. The Job Coach then communicates with the participant to ensure understanding of the schedule and scope of the resource.

### **Finding: Use of Federal Grant Funds to Support the Program**

#### **DOES Response**

The OIG report accurately describes the general MOU process for expenditure of federal funds.

#### **Final Recommendations**

Below is a list of the Recommendations contained in the report and a brief agency response regarding each recommendation:

The program has reviewed the recommended actions and will implement enhancements as appropriate.

#### **Establish periodic monitoring protocols to ensure program information is complete and accurate--Agree**

- As of this review, established monitoring protocols are in place and the DOES has hired a Quality Assurance Analyst to review, monitor and oversee our data collection processes.

#### **Develop additional procedures to establish staff responsibilities for collecting and maintain complete and accurate information--Agree**

- As a result of this review, a Quality Assurance Analyst was hired in May of this year to review, monitor and oversee our data collection processes—including how data is collected and maintained by the Division. Staff training on collection and maintenance of data will be continually conducted by the Quality Assurance Analyst.

#### **Develop procedures to conduct periodic training on SOP requirements--Agree**

- As a result of this review, agency has implemented training on SOP requirements for front line staff and will continue to ensure critical practices are followed.

#### **Establish procedures to ensure case notes are entered in the VOS system within 24 hours--Disagree**

- Case note entry must be made within 72 hours of contact. This timeline has always been followed by DSI staff. However, as noted in our responses, the 24-hour requirement was incorrectly reflected in our SOP. The SOP has been updated to reflect 72 hours.

#### **Develop a plan to close out inactive program participants in the VOS system--Agree**

- We have restructured our closeout process to be continual and ongoing, to ensure VOS accurately reflects current program enrollment.

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

**Establish procedures to collect and maintain the statutorily required performance data--Agree**

- As of this review, established monitoring protocols are in place. We have also hired a Quality Assurance Analyst to review, monitor and oversee our data collection processes.

**Develop procedures to ensure quarterly reports are accurate, complete, current and published timely--Agree**

- Based on the initial review, information required for quarterly reporting will be provided within established time frames.

**Establish performance metrics to ensure the effectiveness of job readiness training—Agree with clarification**

- While there is not a formal set of metrics for JRT, we have an internal goal set for the placement of 50% of successful graduates in unsubsidized employment.

**Develop a plan to achieve or revise performance targets for participant placement in subsidized employment--Agree with clarification**

- While there are no KPIs associated with placement in subsidized employment, internal goals have been established to ensure that successful JRT graduates have work experience opportunities.

**Formalize the process for following up with participants into an SOP--Agree**

- There are protocols in place for monitoring participant progress while in WEX and once employment is found, and the retention process begins. The associated SOPs have been updated to reflect these processes.

**Develop procedures to ensure the Project Empowerment Program (PEP) maintains adequate supporting documentation in the VOS system--Agree**

- Since the initial review, the PEP has restructured its documentation processes to be continual and ongoing, to ensure required documentation is entered in VOS.

**Formalize the participant dropout process into an SOP--Disagree**

- Information on root causes associated with participant dropouts is used to identify organizations critical to our network of supportive services providers. A separate SOP is not appropriate or required.

**Develop procedures to enforce the worksite extension criteria--Disagree**

- Worksite extensions are addressed in the SOP. The PEP will ensure adherence to the SOP requirements and as we make enhancements, SOP updates will be made.

7

## APPENDIX F. DOES' RESPONSE TO THE DRAFT REPORT

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**Establish a plan to monitor the program transitioning process for eligible participants to professional development services--Agree**

- The process for transitioning to Professional Development (PD) was outlined in our response and is part of the PD SOP. We currently do monitor the program transitioning process for eligible participants to professional development services. However, we are bolstering our ability to monitor the program transitioning process electronically, through our Virtual One Stop system (VOS). We are creating customized codes in VOS to be able to monitor the process within our system of record. We expect this enhancement to be complete by September 2020.