



## OFFICE OF THE STATE AUDITOR

TWO COMMODORE PLAZA  
206 EAST NINTH STREET, SUITE 1900  
AUSTIN, TEXAS 78701

LAWRENCE F. ALWIN, CPA  
State Auditor

December 17, 1997

Re: Results of a Limited Program Effectiveness  
Audit of the Texas Workforce Commission's  
Communities in Schools Program

Members of the Legislative Audit Committee:

We were not able to assess the effectiveness of the Communities in Schools program due to inadequacies within the program's policies, procedures, and systems. Specifically, we found that needed performance information is either not collected or not reliable. Furthermore, the Texas Workforce Commission (Commission) is still in the process of resolving several issues noted by a 1996 internal audit.

This letter report summarizes the results of our limited program effectiveness audit of the Texas Workforce Commission's Communities in Schools program which received appropriations of \$13.6 million in fiscal year 1997. This audit was performed at the Commission's request to verify the accuracy of program effectiveness performance information submitted from local providers. We also determined if issues identified by a 1996 internal audit of the Communities in Schools program had been resolved.

During our review, we noted the need for improvements to the overall management and administration of the program which were illustrated by weaknesses in the areas of performance measure information, accounting for Communities in Schools transactions, asset management, and monitoring of local providers. These findings include:

- The Commission's policies, processes, and procedures over the collection, calculation, tracking, and reporting of performance measure data for the Communities in Schools program are not adequate to ensure the accuracy of the information. As a result, the Commission is not able to determine if the Communities in Schools program is effective in accomplishing its main goal of helping at-risk students stay in school. Thus, performance information reported to the Legislature, the Legislative Budget Board, and the National Communities in Schools Program may not be reliable. (See pages 2 and 3 of SAO Report No. 98-310 for more detail regarding these findings.)
- Controls over the Commission's accounting system do not ensure the proper accounting of the program's operating expenditures. Examples of conditions noted during our review of selected fiscal year 1996 and fiscal year 1997 Communities in Schools program expenditures include: (1) the Commission paid for Communities in Schools expenditures with funds from the incorrect fiscal year; (2) the Commission could not locate supporting documentation for

SAO Report No. 98-010

fiscal year 1996 program expenditures; and (3) Commission personnel are not reimbursing the travel advance fund in a timely manner. (See pages 4 through 6 of SAO Report No. 98-310 for more detail regarding these findings.)

- The policies, procedures, and controls over fixed asset management within the Communities in Schools program are not adequate to ensure assets are properly accounted for and safeguarded (fixed assets were valued at \$257,000 for fiscal year 1997). We found that some fixed assets within the program were not included on current inventory lists, three computers on the inventory list could not be located, and the program's inventory list did not agree with the Commission's. As a result of the weaknesses detected, the risk associated with the theft, loss, damage, or misuse of assets has increased significantly. (See page 7 of SAO Report No. 98-310 for more detail regarding this finding.)
- The Commission did not perform required annual program performance reviews and Medicaid reviews for all local Communities in Schools providers during fiscal year 1997. As a result, the Commission does not have assurances that all local Communities in Schools providers are accomplishing the goals of the Communities in Schools program in an efficient and effective manner. Additionally, the Commission is not complying with its own Communities in Schools policy statements. (See pages 8 through 10 of SAO Report No. 98-310 for more detail regarding these findings.)

Issues from the 1996 internal audit that are still being resolved by the Commission include finalizing the Communities in Schools program operational plan, finalizing Commission rules for the Communities in Schools program, updating the Communities in Schools funding formula, and updating job descriptions. (See pages 11 through 13 of SAO Report No. 98-310 for more detail regarding these findings.)

The Commission has communicated its agreement with the audit details and recommendations; in many instances the Commission has begun corrective action to resolve the issues noted. (See page 1 of SAO Report No. 98-310 for the Commission's written response and page 14 for the Commission's corrective action plan.)

Our objective was to conduct a limited program effectiveness of the Communities in Schools program. The scope of our audit included verifying the accuracy of program effectiveness performance information submitted from local providers. An additional objective was to determine if weaknesses identified by the 1996 internal audit of the Communities in Schools program have been resolved.

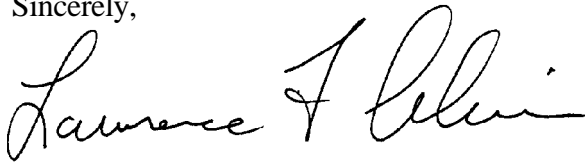
Members of the Legislative Audit Committee  
December 17, 1997  
Page 3

The enclosed copy of SAO Report No. 98-310 contains our complete audit findings and recommendations. It also contains the full text of the Commission's response.

We encourage the Commission to continue its improvement efforts within the Communities in Schools program until accountability control systems, processes, and procedures have been fully developed, implemented, and are working as intended. Our Office will continue to monitor the Commission's progress on the full implementation of the audit recommendations.

If you require additional information regarding this audit, please contact Frank Vito, Audit Manager, at 479-4700.

Sincerely,

A handwritten signature in cursive script that reads "Lawrence F. Alwin".

Lawrence F. Alwin, CPA  
State Auditor

rmn

enclosure

cc: Ms. Fran Carr, CPA, Director of Internal Audit, Texas Workforce Commission

# Memorandum

**TO:** Mr. Mike Sheridan, Executive Director - Texas Workforce Commission

**FROM:** Frank N. Vito, CPA, Audit Manager - State Auditor's Office

**DATE:** December 17, 1997

**SUBJECT:** Detailed Findings From a Limited Program Effectiveness Audit of the Texas Workforce Commission's Communities in Schools Program

---

We have included the following attachments to provide additional details on the Limited Program Effectiveness Audit of the Texas Workforce Commission's Communities in Schools Program:

Attachment A: Texas Workforce Commission's Response

Attachment B: Audit Findings, Detailed Audit Results, and Recommendations

Attachment C: Texas Workforce Commission's Corrective Action Plan

Mike Sheridan  
Executive Director



Bill Hammond, Chairman  
Commissioner Representing Employers  
T.P. O'Mahoney  
Commissioner Representing Labor  
Diane D. Rath  
Commissioner Representing the Public

December 5, 1997

Mr. Lawrence F. Alwin, CPA  
State Auditor  
Two Commodore Plaza  
206 East Ninth Street, Suite 1900  
Austin, Texas 78701

Dear Mr. Alwin:

Thank you for responding to our request to conduct an audit of the Communities In Schools program. We appreciate your timely response and thoroughness of the audit work performed. We have reviewed your audit report and agree with your findings and recommendations.

We have already implemented changes to address some of your recommendations. In addition, the individual departments having responsibility for the remaining deficiencies noted in your report have developed a plan detailing the corrective actions to be taken. The attached action plan contains a description of the actions taken and a timeline of actions to be taken. Our Internal Audit Division will follow-up on a monthly basis to determine the status of the proposed corrective actions. The Internal Auditor will forward the status of the corrective actions to your office each month.

Again, we thank you for your assistance.

Sincerely,

Mike Sheridan  
Executive Director

MS  
Attachment

101 E. 15th St. ★ Austin, Texas 78778-0001 ★ 512-463-2222  
Relay Texas: 800-735-2989 (TDD) ★ 800-735-2988 (Voice)  
Equal Opportunity Employer/Programs ♻️ recycled paper

See Attachment C for the Commission's Corrective Action Plan

Attachment B:  
 Audit Findings, Detailed Audit Results, and Recommendations

Audit Finding	Detailed Audit Results	Recommendations
<p><b>Program Effectiveness Performance Measures Should Be Accurate and Reliable</b></p> <p>The Texas Workforce Commission's (Commission) policies, processes, and procedures over the collection, calculation, tracking, and reporting of performance measure data are not adequate to ensure the accuracy of performance information. As a result, the Commission is not able to determine if the Communities in Schools (CIS) Program is effective at accomplishing its goal of helping at-risk students stay in school.</p> <p>In attempting to verify the accuracy of performance measures, the ideal system would have included adequate collection, input, calculation, and reporting controls that would ensure the accuracy of the results. A statewide summary report for the performance measures should be supported by documentation such as individual local CIS provider results, detailed reports showing the population for each measure, and actual input forms used to enter the performance data.</p>	<p>Supporting documentation for the four internal program performance measures tested was not complete. Besides having incomplete data, the Commission does not verify the accuracy of data reported from the local CIS providers. CIS program reviews of local CIS providers noted that data was not entered correctly into the Communities in Schools Case Management System (CISCMS) database.</p> <p>Internal performance measures reviewed included:</p> <ol style="list-style-type: none"> <li>(1) Percentage of seniors graduating from high school</li> <li>(2) Percentage of participants completing the school year</li> <li>(3) Percentage of participants with improved attendance</li> <li>(4) Percentage of participants with improved behavior</li> </ol> <p>CIS personnel are aware of the data accuracy problems and are in the process of developing the required processes and procedures that are intended to correct the problems. See Attachment C for the Commission's corrective action plan.</p>	<p>The Commission should:</p> <ul style="list-style-type: none"> <li>• Implement regular testing of data accuracy by comparing source documentation against data entered into the CISCMS database</li> <li>• Simplify service codes to capture information that is useful to the state office or necessary for national and state reports</li> <li>• Develop monthly reports for the internal measures at the state level including separate reports for each local CIS provider</li> <li>• Communicate the results of performance measure reports to upper management and all local CIS providers</li> <li>• Provide training to local CIS entities on the proper coding of the student intake forms</li> <li>• Review controls over and verify performance information during local CIS monitoring visits</li> <li>• Develop, document, and implement a disaster recovery plan</li> </ul>



Attachment B:  
 Audit Findings, Detailed Audit Results, and Recommendations (continued)

Audit Finding	Detailed Audit Results	Recommendations
<p><b>Ensure CIS Expenditures Are Paid on Time With Funds From the Correct Fiscal Year</b></p> <p>The Commission is not complying with state accounting guidelines because it does not ensure that CIS expenditures are paid in a timely manner using funds from the correct fiscal year. As a result, the Commission may be misstating program expenditures for a given fiscal year. During our review of selected fiscal year 1996 and fiscal year 1997 expenditures for the CIS program, we noted a number of examples where the Accounting Department did not pay expenditures in a timely manner and/or used funds from the wrong fiscal year and funding period.</p> <p>Expenditures should be paid using funds from the same fiscal year in which the service was provided. Additionally, Texas Government Code, Chapter 2251, states that payment by a governmental entity is overdue on the 31st day after the receipt of the invoice.</p> <p>By using fiscal year 1997 funds to pay for previous fiscal year expenditures, the Commission has misapplied funds specially appropriated for fiscal year 1997.</p>	<p>Examples noted where expenditures were not paid on time and/or using funds from the wrong fiscal year and funding period include:</p> <ul style="list-style-type: none"> <li>• Fiscal year 1997 CIS funds totaling \$3,000.00 were used to pay for a fiscal year 1995 expenditure for a speaker to provide training in August 1995. The Commission received the invoice for services rendered in September 1995 but paid the invoice in August 1997, two years after the services were provided.</li> <li>• Fiscal year 1996 funds totaling \$600.00 were used to pay for a 1995 expenditure for a speaker to provide training in June and July 1995. The Commission had on file a past-due invoice dated February 1996. The Commission paid the invoice in May 1996, 10 months after the service was provided.</li> <li>• The Commission was not prompt in reimbursing local CIS providers for Medicaid expenditures. Reimbursement requests for Medicaid Administrative Claims, totaling \$46,190.81, were received from CIS local providers in April and May 1997. The Commission processed the reimbursements in September 1997, approximately four to five months after quarterly invoices were received.</li> </ul>	<p>The Commission should ensure CIS expenditures are paid in a timely manner using funds from the correct fiscal year.</p>





Attachment B:  
 Audit Findings, Detailed Audit Results, and Recommendations (continued)

Audit Finding	Detailed Audit Results	Recommendations
<p><b>Reimburse the Travel Advance Fund in a Timely Manner</b></p> <p>The Commission should ensure personnel reimburse the travel advance fund in a timely manner.</p> <p>According to the <i>State of Texas Travel Allowance Guide</i>, a state agency may establish a travel advance fund to advance funds to a state employee for the employee's projected travel expenses. A state agency may also advance funds to a state employee for projected travel expenses only if the expenses are incurred during travel that requires overnight stay outside the employee's designated headquarters. If a state employee received a travel advance that is greater than the reimbursable expenses incurred, the employee must promptly reimburse the fund for the difference.</p> <p>The Commission's <i>Administrative Series Fiscal Manual</i>, Volume 5, Section 2.1.5, states if an employee received an overpayment for travel expenses, the employee will reimburse the State for the overpayment immediately.</p>	<p>During our review of selected fiscal year 1996 and fiscal year 1997 travel expenditures for the CIS program, we noted six instances totaling \$929.15 in which employees were past due three months or more in reimbursing the travel advance fund. Two of the employees who did not reimburse the travel advance fund in a timely manner were CIS personnel. Four of the six employees were personnel in other departments within the Commission.</p> <p>Two of the employees who did not reimburse the travel advance fund are no longer employed with the Commission. The amount still owed by these two employees totals \$159.67.</p> <p>Travel expenditures for fiscal years 1996 and 1997 totaled \$49,148.00 and \$31,402.99, respectively.</p>	<p>The Commission should review current policies and procedures over the travel advance fund to determine why existing procedures do not work. In addition, the Commission should develop and implement new travel advance fund procedures and monitor to ensure employees reimburse the travel advance fund in a timely manner.</p>



Attachment B:  
 Audit Findings, Detailed Audit Results, and Recommendations (continued)

Audit Finding	Detailed Audit Results	Recommendations
<p><b>1997 Annual CIS Program Reviews Were Not Performed as Required</b></p> <p>The Commission did not perform annual CIS program reviews of all local CIS providers during fiscal year 1997; therefore, it was not complying with its CIS policy statements. As a result, the Commission does not have assurances that all local CIS providers are efficiently and effectively accomplishing the goals of the CIS program, which are to decrease the dropout rate among at-risk youths and spend state and federal dollars appropriately.</p> <p>The CIS policy states the CIS state office shall conduct at least one annual on-site visit to each local CIS provider. During fiscal year 1997, CIS staff reviewed 3 of the 22 local CIS providers.</p>	<p>During fiscal year 1997, the Commission contracted with a total of 22 local providers to administer the CIS program. Contracted amounts for fiscal year 1997 totaled \$12,434,349.91. Only three of these local providers were reviewed in fiscal year 1997.</p> <p>CIS personnel noted significant problems at the three local CIS providers that were reviewed during fiscal year 1997.</p> <p>Conditions noted included noncompliance with the CIS contract; weaknesses with controls over human resources, accounting, planning and budgeting; and inappropriate use of state and federal funds. Specific examples included:</p> <ul style="list-style-type: none"> <li>• A provider billed the Commission \$1,929.89 more than what was recorded in the provider's accounting system.</li> <li>• A provider purchased VCRs and TVS for \$758.32 without following the bid process.</li> </ul> <p>Due to the number of deficiencies identified at one provider, the Commission gave notice of intent to suspend funds to that provider.</p>	<p>The Commission should develop monitoring processes to provide the Commission assurances that local CIS providers are accomplishing the goals of the CIS program efficiently and effectively and that state and federal funds are spent appropriately.</p> <p>Annual program reviews of local CIS providers should be performed as required by the Commission's CIS monitoring procedures, or the Commission should modify the requirement to conform to the risk-based approach for identifying entities for review. The risk-based approach is currently being developed by Commission personnel.</p>
<p><b>1997 CIS Medicaid Reviews Were Not Performed as Required</b></p> <p>The Commission did not perform annual CIS Medicaid reviews as required during fiscal years 1996 and 1997. As a result, the Commission does not have assurances that Medicaid CIS subrecipients are adhering to contract agreements. In addition, the Commission is in noncompliance with the Medicaid Monitoring and Oversight Plan with the Texas Health and Human Services Commission (HHSC).</p>	<p>The Commission has an agreement with HHSC whereby the Commission contracts with local CIS providers to administer the Medicaid Administrative Claiming Program. The Commission reimburses the providers for allowable expenditures on a quarterly basis.</p> <p>According to the Commission's Medicaid Monitoring and Oversight Plan with HHSC, the Commission is required to perform reviews of each Medicaid CIS subrecipient.</p> <p>During fiscal year 1997, the Commission provided reimbursements to 14 local providers totaling \$68,369.40. The Commission reviewed only 4 of the 14 CIS subrecipients receiving Medicaid funds.</p>	<p>The Commission should comply with the Medicaid Monitoring and Oversight Plan with the Health and Human Services Commission that requires the Commission to ensure that all subrecipients receiving federal Medicaid funds are reviewed each year as required by the plan.</p>

Attachment B:  
 Audit Findings, Detailed Audit Results, and Recommendations (continued)

Audit Finding	Detailed Audit Results	Recommendations
<p><b>Local CIS Providers Have Not Submitted Corrective Action Plans for Fiscal Monitoring Reviews</b></p> <p>Local CIS providers have not submitted corrective action plans for three of six fiscal monitoring reviews performed during fiscal year 1997. As a result, the Commission may not have assurances that deficiencies identified during the reviews are corrected.</p> <p>The Commission's Fiscal Monitoring Resolution Procedures require contractors (CIS providers) to provide an initial response to monitoring findings within 30 calendar days from the date the contractor receives the Commission's report. If the response is unacceptable, the contractor is required to perform additional corrective action and submit follow-up responses every 30 days until all findings have been resolved.</p> <p><b>Local CIS Providers Did Not Comply With State Reporting Requirements for Fiscal Year 1997</b></p> <p>The Commission has not received required independent CPA audit reports for 2 of the 25 local CIS providers for fiscal year 1996. As a result, the providers are not complying with state and federal reporting requirements.</p> <p>The Commission's Fiscal Monitoring Resolution Procedures require all Commission subrecipients subject to the Single Audit Act Amendments of 1996 and Office of Management and Budget Circular (OMB) Circular A-133 to have an annual independent CPA audit report completed and submitted to the Commission for review and resolution within the specified time frame. This requirement is noted in the Commission's contract with local CIS providers.</p>	<p>The Commission performs annual financial reviews of the local CIS providers and issues a report for each review performed. The objective of a financial review is to determine the following:</p> <ul style="list-style-type: none"> <li>• Whether applicable federal, state, and agency requirements were met</li> <li>• Whether adequate accounting procedures were in effect</li> <li>• Whether program costs were supported by proper documentation</li> </ul> <p>The Commission performed six fiscal monitoring reviews during fiscal year 1997. As of August 31, 1997, three of the six local CIS providers had not submitted corrective actions plans. The Commission completed the reviews and provided the results to the three providers in November 1996, January 1997, and February 1997.</p> <p>According to Commission personnel, the Commission granted an extension for these two providers; however, these reports still have not been received. These reports were due by February 28, 1997, the state due date.</p> <p>The purpose of the A-133 audit is to determine if the local CIS providers presented their financial statements in accordance with Generally Accepted Accounting Principles and Government Auditing Standards. Since the reports have not been received, the Commission does not have assurances in these areas.</p>	<p>The Commission should ensure all local CIS providers comply with fiscal monitoring policies and procedures for submitting corrective action plans for findings noted during fiscal monitoring reviews.</p> <p>The Commission should ensure all local CIS providers comply with state and federal reporting requirements for A-133 audits. Additionally, the Commission should develop enforcement policies and procedures and sanctions for noncompliance with state and federal guidelines.</p>





Attachment B:  
 Audit Findings, Detailed Audit Results, and Recommendations (concluded)

Audit Finding	Detailed Audit Results	Recommendations
<p><b>Ensure CIS Specialists Receive Training</b></p> <p>The training necessary to operate the Communities in Schools Case Management System (CISCMS) has not been provided for all specialists and their backups. As a result, the CIS program risks the disruption of critical automated functions.</p> <p>Knowledge and documentation of procedures in reporting data necessary to determine the achievement of CIS goals and objectives is critical. Specialists and their backups should be able to readily produce and provide reported data to program management and other interested parties.</p> <p>Knowledgeable backups to the specialists minimize the risk of disrupting mission-critical automated functions of the CIS program.</p>	<p>The CISCMS database is a central depository of information for the CIS program. An example of information maintained in the database is the performance information submitted from local CIS entities. Documentation provided by program personnel showed the following results:</p> <ul style="list-style-type: none"> <li>• 4 of the 22 local CISCMS specialists had not received training</li> <li>• 12 of 22 backups had not received training</li> <li>• There is no trained backup for the state CISCMS specialist</li> </ul> <p>CIS personnel immediately provided training to CISCMS specialists once the opportunity for improvement was noted.</p>	<p>The Commission should provide training necessary to operate the Communities in Schools Case Management System (CISCMS) for all specialists and backups at both the local CIS providers and the state office.</p>
<p><b>Update CIS Job Descriptions</b></p> <p>Job descriptions for the CIS program do not include required performance standards which are intended to define and substantiate employee performance. As a result, the CIS program is not in compliance with the Commission's human resources policies and procedures for preparing job descriptions.</p> <p>The Commission's Performance Planning and Review Process delegates the responsibility of developing job descriptions for all positions to each program within the Commission.</p> <p>The 1996 internal audit of the CIS program noted job descriptions or performance standards had not been provided to outline responsibilities for CIS program employees.</p>	<p>While the essential job functions have been identified for all CIS personnel and positions, not all job descriptions (six of nine) specify the performance standards which define and substantiate each employee's level of performance. The job descriptions that do not comply with the Commission's human resources policies and procedures include the:</p> <ul style="list-style-type: none"> <li>• Assistant State Coordinator</li> <li>• Planner I</li> <li>• Management Auditor I (two positions)</li> <li>• CIS-CMS Coordinator</li> <li>• Program Support Assistant</li> </ul> <p>In addition, the following positions do not have job descriptions:</p> <ul style="list-style-type: none"> <li>• Management Auditor I (two positions)</li> <li>• System Support Specialist III/IV</li> <li>• Administration Technician II-IV</li> <li>• Planner I</li> </ul>	<p>The Commission should update job descriptions to include performance standards necessary to define and substantiate employee performance.</p> <p>Additionally, the Commission should develop job descriptions for the five positions. These recommendations should be implemented in accordance with the Commission's Performance Planning and Review Process.</p>



Attachment C:  
Texas Workforce Commission's Corrective Action Plan

Audit Finding	Correction Action	Estimated Date of Completion
<p><i>Program Effectiveness Performance Measures Should Be Accurate and Reliable</i></p>	<p><i>The CIS State Office hired a qualified CISCMS Specialist to manage and coordinate data associated with CIS performance measures. The following CISCMS actions planned for implementation during FY 1998 should address the accuracy of data issue:</i></p> <ol style="list-style-type: none"> <li><i>1. Develop a new CISCMS application to better capture program data.</i></li> <li><i>2. Determine the data needed to assure accurate and reliable performance measurement.</i></li> <li><i>3. Revise the data collection forms and the CISCMS codes to conform to the CIS service model. Will provide more complete, accurate and consistent data to the State Office.</i></li> <li><i>4. Develop Quality Assurance Reports for the CIS State Office to send to the local programs for corrective action.</i></li> <li><i>5. Develop Quality Assurance Reports for the CIS Local Office to correct problematic data before submission to the State Office.</i></li> <li><i>6. Develop a process to insure local programs submit data to the State Office timely. Assess appropriateness of deadlines and determine causes of restrictions in the flow of information to provide means for improvement.</i></li> <li><i>7. Correct and close the 1996-1997 program year data.</i></li> <li><i>8. Develop a year-end evaluation report for the 1996-1997 program year.</i></li> </ol>	<ol style="list-style-type: none"> <li><i>1. September 1, 1998</i></li> <li><i>2. September 1, 1998.</i></li> <li><i>3. Completed November 7, 1997</i></li> <li><i>4. January 20, 1998</i></li> <li><i>5. February 25, 1998</i></li> <li><i>6. Completed November 7, 1997</i></li> <li><i>7. December 17, 1997</i></li> <li><i>8. December 17, 1997</i></li> </ol>

Attachment C:  
Texas Workforce Commission's Corrective Action Plan (continued)

Audit Finding	Correction Action	Estimated Date of Completion
	<p>9. Update the CISCMS Users Manual to reflect changes to the CISCMS codes and forms.</p> <p>10. Implement training of local CIS program staff on the use of the new CISCMS forms, code revisions and application.</p> <p>11. Develop a disaster recovery program for CISCMS data stored at the State Office.</p> <p>12. Develop standardized reporting formats to be distributed to the local CIS programs.</p> <p>13. Develop an efficient archival and retrieval data warehousing process for program data.</p> <p>14. The CISCMS Specialist will develop a Technical Support Management System.</p>	<p>9. May 31, 1998</p> <p>10. Training began October 29, 1997. Follow-up training will be scheduled as needed.</p> <p>11. July 30, 1998</p> <p>12. April 30, 1998</p> <p>13. Three years</p> <p>14. June 30, 1998</p>
<p>Ensure Performance Measures Reported to the Legislative Budget Board (LBB) are Accurate and Reliable</p>	<p>Problems with the accuracy of the data were related to the problem discussed above. The plan above will resolve the accuracy issue with the data reported to the LBB.</p>	<p>See above</p>
<p>Update Performance Measure Definition</p>	<p>The CIS State Office has proposed changes to the measure, which have been reviewed and approved by the Quality Assurance Department. The Director for Planning will convey these proposed changes to the LBB for its consideration.</p>	<p>December 1997. If accepted by the LBB, the changes will be incorporated in the Commission's first quarter report to the LBB for fiscal year 1998, which is due in January 1998.</p>
<p>Ensure CIS Expenditures are Paid on Time With Funds from the Correct Fiscal Year</p>	<p>The Accounting Department will improve communication of policies regarding timing of payments and funding sources with accounting staff. Noncompliance with these procedures will not be allowed.</p> <p>The CIS State Coordinator has implemented a procedure which ensures upon receipt of an invoice for goods or services, an F-7 payment document will be prepared within 3-5 working days and forwarded along with other required supportive documentation to TWC's accounts payable section for processing.</p>	<p>Completed December 2, 1997</p>

Attachment C:  
Texas Workforce Commission's Corrective Action Plan (continued)

Audit Finding	Correction Action	Estimated Date of Completion
<p><i>Accounting Records for 1996 Expenditures Could Not Be Located</i></p>	<p><i>The Accounting Department records indicate that the unlocated documents were all archived at the State Library. Accounting has added additional review procedures to ensure that every archive listing is complete and accurate prior to the Library's collection. Accounting will also work with the State Library to ensure that TWC records requests are returned complete and filed correctly by the Library.</i></p> <p><i>The CIS State Coordinator will maintain copies of supporting documentation for all goods or services received.</i></p>	<p><i>Completed December 2, 1997</i></p>
<p><i>Reimburse the Travel Advance Fund in a Timely Manner</i></p>	<p><i>TWC will explore eliminating the travel advance policy. Alternative methods will be explored to assist employees with travel expenses, such as direct billing and increased use of corporate credit cards.</i></p> <p><i>In the interim, we will strengthen our advance collection procedures to decrease our receivable time. We have currently collected four of the six past due accounts and have an agreement with the two individuals who no longer work at the Commission for payment.</i></p>	<p><i>January 15, 1998</i></p>
<p><i>Asset Management Controls Are Not Adequate</i></p>	<p><i>TWC's Property Management Division has rewriting the Commission's Property Management Policies and Procedures. The Administration Division is in the process of strengthening asset management controls. We plan to create a separate unit dedicated to asset management. This unit will be led by a manager who will have the authority and responsibility for developing and implementing a strong asset management function.</i></p> <p><i>The CIS State Coordinator has scheduled a meeting with TWC's Property Management Division to discuss specific requirements, procedures, controls and responsibilities for maintaining assets at the cost center level. The CIS State Office will initiate steps to implement these policies and procedures immediately.</i></p>	<p><i>January 1, 1998</i></p> <p><i>January 31, 1998</i></p>



Attachment C:  
Texas Workforce Commission's Corrective Action Plan (continued)

Audit Finding	Correction Action	Estimated Date of Completion
<p>1997 CIS Medicaid Reviews Were Not Performed as Required</p>	<p>CIS staff were not able to perform an annual review of each of the CIS local providers due to staff turnover and budget constraints. On September 1, 1997, program monitoring responsibilities were transferred to the Commission's Monitoring Department.</p> <p>The Monitoring Department will comply with the agreement made with the Health and Human Services Commission that requires the review of all subrecipients receiving federal Medicaid funds. The Monitoring Department will conduct these reviews each year to comply with the program plan.</p>	<p>Completed and ongoing</p>
<p>Local CIS Providers Have Not Submitted Corrective Action Plans for Fiscal Monitoring Reviews</p>	<p>Two of the three entities identified have submitted corrective action plans to the Commission. These plans were not submitted within the 30 days currently required by our procedures. We are reviewing our procedures to determine the most effective way to provide oversight and ensure corrective action has taken place.</p> <p>The two entities that have submitted their action plans have taken steps to resolve the issues noted during our site reviews.</p>	<p>We will be performing an on-site review of the third entity during the week of January 12, 1998, and will follow-up on the previous issues to determine what corrective action has been taken.</p>
<p>Local CIS Providers Did Not Comply With State Reporting Requirements for Fiscal Year 1997</p>	<p>The Commission does have a process for ensuring all local CIS providers comply with state and federal reporting requirements for A-133 audits. The Monitoring Department tracks each provider's compliance with the A-133 audit requirements. Providers who have not complied with the applicable requirements are routinely notified to encourage their compliance. The sanction policy being developed by the Commission includes appropriate levels of enforcement actions for these types of contract violations.</p> <p>There were two CIS providers that were granted extensions on their audit reports. We received the audit report for one of these entities on October 15, 1997, and are currently reviewing its contents. The second provider has engaged a CPA to conduct the audit, and the CPA has assured us that we will receive the audit no later than January 31, 1998.</p>	<p>Completed</p>

Attachment C:  
Texas Workforce Commission's Correction Action Plan (concluded)

Audit Finding	Correction Action	Estimated Date of Completion
<i>Finalize the CIS Operational Action Plan</i>	<i>The CIS State Office completed a detailed draft action plan and have received comments and suggestions from TWC management for improving presentation of the document. The CIS State Coordinator is currently making changes and updates to the action plan.</i>	<i>Revised draft will be complete for the Commissioners' review by February 1, 1998.</i>
<i>Finalize Commission Rules for CIS Program</i>	<i>The Commissioners responded to staff questions regarding the CIS rules during the December 2, 1997, hearing. CIS Rules are on the agenda for action December 16, 1997.</i>	<i>December 16, 1997</i>
<i>Update the CIS Funding Formula</i>	<i>Accounting is assisting in writing the Funding Formula to be included in the Rules above.</i>	<i>December 16, 1997</i>
<i>Ensure CIS Specialists Receive Training</i>	<i>The CIS State Office completed its first-round training of all CISCMS Specialists and backups in April 1997. In addition, the CIS State Office followed up with a second-round of training for CISCMS Specialists and backups on October 29, 1997. The CIS state Office currently has a trained CISCMS Specialist and a backup. The CIS State Office will maintain evidence of all training activities performed for local CIS programs by keeping training rosters and/or sign-in sheets of participants who are trained.</i>	<i>Completed October 29, 1997</i>
<i>Update CIS Job Descriptions</i>	<i>The CIS State Coordinator has completed and submitted job descriptions for all current budgeted positions within the CIS State Office as of November 13, 1997. Performance standards for each job description are currently being developed.</i>	<i>January 31, 1998</i>