

**DEPARTMENT OF  
WORKFORCE INVESTMENT**

**TO: Finance Committee**

**DATE: 7/30/03**

**FROM: WIB Staff**

- For Action  
 For Information  
 Discussion

**SUBJECT: Program Year (PY) 2002-2003 Fiscal and Procurement Draft  
Monitoring Report**

**PROPOSED MOTION(S): Information Only**

**DISCUSSION:** The State of California EDD conducted a Workforce Investment Act (WIA) grant financial management and procurement systems review from May 12, 2003 to May 16, 2003. It was conducted under the authority of Section 667.410(b)(1),(2)&(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose was to determine the level of compliance with applicable federal and state laws, regulations, policies and directives related to the WIA grant regarding management and procurement for PY 2002-03.

The review concluded that, overall, Merced County Dept. of Workforce Investment is meeting applicable WIA requirements concerning financial management. There was one instance of noncompliance noted in the area of cost sharing at the Merced One-Stop. The observation noted that although there were signed Memorandums of Understanding with each partner that describe the activities and goals of the Merced One-Stop Center, the agreements do not include arrangements for the sharing of general operating expenses. Only two of the thirteen partners located at the Merced One-Stop provided any fair share contribution toward the general operating expenses of the center. An allocation procedure was developed in response to the observation.

**ATTACHMENT(S):**

- 1. Response to EDD**
- 2. Procedure for Allocation of One-Stop Costs**



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**July 3, 2003**

State of California  
Employment Development Department  
Compliance Monitoring Section  
Compliance Review Division  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

RE: Response to Finding 1  
Workforce Investment Act  
Fiscal and Procurement Review  
Draft Monitoring Report  
Program Year 2002-03

The Merced County Department of Workforce Investment has set in place a procedure for calculating One Stop costs and cost allocation plan for One Stop partners. Attached is a copy of that procedure. Our timeline is as follows:

**By August 1, 2003:** Complete budget of One Stop costs based on prior year costs and anticipated costs.

**By August 31, 2003:** Meet with each partner to determine their benefit received and the cost of that benefit.

**September 11, 2003:** The Workforce Investment Board will review the cost allocation plan.

**By October 31, 2003:** All MOU's will be revised to include the method for determining the cost allocation plan and procedures for determining annual costs.

**November 13, 2003:** The Workforce Investment Board will approve revised MOU's which includes a cost/resource sharing agreement.

The MOU's will include the **method** for determining the cost allocation and will not need to be revised each year. All new MOU's will include the method for determining the cost allocation plan and procedures for determining annual costs. By August 1<sup>st</sup> of each year a new cost allocation will be determined and reviewed with partners during the month of August. The Workforce Investment Board will review the cost allocation plan at their meeting in September.

We greatly appreciate Mr. Richard Prouty's expertise and professionalism during his compliance review. It was a pleasure to work with him.

If you have any questions regarding the above, please contact Jackie Walther-Parnell, Operations Officer, at (209) 724-2012 or e-mail [jwaltherparnell@co.merced.ca.us](mailto:jwaltherparnell@co.merced.ca.us).

Sincerely,

Andrea T. Baker  
Director

Enc: Copy of Procedure of Allocation of One Stop Costs



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**PROCEDURE FOR ALLOCATION OF ONE STOP COSTS**

The One-Stop system described in the Workforce Investment Act and the implementing regulations requires the collaboration of a number of Federally funded workforce development activities. The Act and the regulations further stipulate that the required partners in One-Stop activities share in the costs of the system. The shared costs of the One-Stop center or system are those costs that benefit multiple partners.

In order to comply with WIA regulations the Merced County Department of Workforce Investment, the One Stop Operator, will do the following:

1. At the beginning of each fiscal year the Merced County Department of Workforce Investment will compile (based on prior year expenses and current year budgets) cost figures for operation of the Merced County WorkNet Employment Resource Centers. These figures will be separated to show costs applicable to only the Department of Workforce Investment, and those costs that are applicable to more than one partner and are therefor shared costs.
2. The Operations Officer and Special Projects Staff of the Department of Workforce Investment will meet with each partner to review costs that may be applicable to that partner. Along with the partner, staff will determine the benefit derived by the partner from the One Stop program, the allocable costs for each partner, and what the partner will contribute to cover those costs.
3. The cost allocation and proposed contributions will be reviewed by the Workforce Investment Board.
4. All MOUs with WorkNet partners will be updated to include procedures for cost allocation and approved by the Workforce Investment Board.

Approved by Director: \_\_\_\_\_ Date \_\_\_\_\_

Approved by Assistant Director: \_\_\_\_\_ Date \_\_\_\_\_