

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
<p>Service Source did not meet all required yearly deliverables.</p>	<p>We recommend that Service Source enhance its processes to ensure they meet all deliverable requirements.</p>	<p>Relative to the initial finding, not meeting the number of pre-eligibility determinations, I have the following comments, some of which we have discussed. There exists a significant issue with DVR performance reports wherein the final PBPB reports we use to reconcile contractual numbers to not match a number of other reports the system generates, nor do they match the numbers that the DVR Counselor Analysts document every month relative to performance. I have discussed this with the DVR leadership and one suggestion is that moving forward we begin to use the analyst reports as they have definitively signed off on the work performed. Region 20A is a very large unit and we missed by only 24, having 11 counselor FTE's and a significantly large</p>	<p>Relative to the first point, performance deliverables are different across several contracts. As per WIOA the performance indicators will change, along with the DVR RSA 911 report to our federal partners. This will probably clarify some of the discrepancies in reporting. We are also addressing through negotiations some of the staffing issues which will rectify some of these problems. Negotiations are on-going at this time. Through quality review we have also addressed some of the timeframe parameters which have improved; this is on-going.</p>	<p>Steve Palumbo Tina Herzik 1/1/18</p>

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
		<p>goal.. Region 8H is a different matter as the restructuring of the unit responsibilities by the then Area Director had a deleterious effect on our case sizes and therefore performance, however we have renegotiated some of our responsibilities in the region and in calendar year 2016 we have met the pre-eligibility goal. We did miss our goal for pre-eligibility compliance within 60 days in Region 23L, however there are mitigating circumstances in this region. This region does not have a DVR Counselor Analyst on site, nor are we staffed for a supervisory position which necessarily slows down the review process. I will address this during our next contract negotiating session as well as with the DVR. As noted in your report the number and</p>		

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
		<p>percentage of gainful employment was waived as a result of changing DVR priorities. We are continually monitoring our processes and we certainly need to come to an agreement with the DVR as to which numbers are the most reliable and accurate. Too, where there are inequities relative to our meeting certain goals, these need to be addressed and discussed with the DVR. In regions where timeframes were not met ServiceSource needs to review our own alert parameters to managers to more effectively manage these outcomes. Significant to the 90 day IPE goals that were missed, in the regions where we currently operate the DVR also did not meet this goal. In several regions we were only off by 2-3 percentage points and surpassed</p>		

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
		<p>the DVR area average performance. This measure is extremely difficult to track on a regional and monthly basis and we are dependent on DVR reports which come out monthly. Too, the RIMS system does not asterisk an appropriate waiver as it does for 60-day acceptance waivers, so there is a question of how the compliance count calculates. Additionally, we cannot track individual employee compliance as the system does not report on this, so it is not possible to initiate corrective action on those individuals who are most deficient in this area in the unit. This is definitively an issue where we will ask to have this measure removed from our contract in our upcoming negotiations.</p>		

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
<p>Service Source did not meet all required monthly deliverables and did not provide justification for all unmet monthly deliverables.</p>	<p>We recommend that Service Source enhance its processes to ensure they meet all deliverable requirements, and an appropriate justification and a plan for meeting the requirement in subsequent months is included when they do not meet deliverable requirements.</p>	<p>This finding indicated there was several instances where we did not report on all required monthly minimums with an explanation. We have three sets of eyes looking at these reports on a monthly basis who are involved in the reporting process and in most instances when this occurred the error was caught well before any billing was submitted. I myself will be more diligent in this area as I am responsible for generating the response. In a number of regions, the monthly was unmet but the annual goal was ultimately met. Often when the monthly minimum is unmet I review performance to date to ensure that we are not falling behind on the annual goal. We do address the issue but can include more detail in the future if required. Not all goals</p>	<p>WE have been more diligent in reporting on a monthly basis and it is rare when a reporting item is missed. These are however picked up during the monthly billing reports. The monthly minimums are also looked at from the perspective of annual achievement; in some cases the monthly is unmet but we are ahead on the annual goal. Some of the DVR deliverables in the various contracts are no longer a priority for the DVR; some are no longer measured, such as 60 day acceptance compliance. These issues will be addressed in contract negotiations, which are in</p>	<p>Steve Palumbo Tina Herzik 1/1/18</p>

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
		<p>currently in the contracts are reasonable due to the changing nature of VR. We could not anticipate the need to immediately close cases negatively that were not currently active due to the DVR needing a more accurate assessment of their budgetary needs. Order of selection was another variable. The new RSA requirement to serve transitional youth with pre-employment services and 504 students is a federal mandate, however these cases will take a significant effort on the part of my staff with no anticipated outcomes. These issues and others will be a focal point of negotiations to try and attain more equity in the outcomes so that we may reasonably achieve all required outcomes. We will again also review our own internal review</p>	<p>progress.</p>	

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 Issued: January 20, 2017
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
		process to reviews areas where we might improve.		

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
Service Source did not meet all required yearly deliverables.	We recommend DVR review the requirements for subsequent contracts to ensure that the deliverable amounts are achievable.	DVR and Service Source will be developing new contracts within the next six (6) months. DVR will ensure that the deliverable amounts are achievable.	<p>The Workforce Innovation and Opportunity Act (WIOA) has established six primary indicators of performance.</p> <p>Once the new performance measures are completed, DVR will be able to incorporate these measures into a new contract that will provide more achievable deliverables, which also align with DVR’s new primary goals.</p>	<p>9/30/2017</p> <p>Amanda Ulmer (850) 245-3372</p> <p>Jennifer Ellingsen (850) 245-7004</p>
DVR omitted a penalty from Amendment #1, Contract #14-135.	We recommend DVR improve their amendment review process to ensure all contractual requirements, penalties, and deliverables are accurately included in amendments prior to approval and execution. We also recommend DVR ensure the appropriate penalties are	DVR and Service Source will be developing new contracts within the next six (6) months. Desk procedures and monitoring tools will be created to improve the amendment review process. The new contracts will include the appropriate financial consequences as needed.	<p>Review process - Completed</p> <p>Contract rewrite – 9/30/17</p>	<p>Complete</p> <p>9/30/2017</p> <p>Amanda Ulmer (850) 245-3372</p> <p>Jennifer Ellingsen (850) 245-7004</p>

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
	included in all future contracts.			
DVR calculated penalties inaccurately.	We recommend DVR implement a review process to ensure they calculate penalties correctly and in compliance with contractual requirements.	DVR will develop a process of checks and balances to ensure all penalties, if applicable, are calculated correctly.	Complete	Amanda Ulmer (850) 245-3372 Jennifer Ellingsen (850) 245-7004
Service Source did not meet all required monthly deliverables and did not provide justification for all unmet monthly deliverables.	We recommend that DVR review all submitted invoices to ensure Service Source meets all monthly deliverable requirements, and if they are not met, an appropriate justification is included with a plan for meeting the requirement in subsequent months.	Desk procedures and monitoring tools have been created, and will be revised as needed to ensure that Service Source is in compliance with the monthly deliverable requirement as required by contract.	Complete	Amanda Ulmer (850) 245-3372 Jennifer Ellingsen (850) 245-7004
DVR did not enforce	We recommend DVR ensure	Desk procedures and monitoring	The Contract Manager is	Complete

Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Service Source
Report # A-1516-025 **Issued: January 20, 2017**
Status as of July 20, 2017

Finding	Recommendation(s)	Management Response as of January 20, 2017	Management Response as of July 20, 2017	Anticipated Completion Date & Contact
<p>the requirement for Service source to submit quarterly budget reconciliations.</p>	<p>Service Source submits quarterly budget reconciliations. We also recommend DVR review the reconciliations to ensure expenditures are in accordance with the contractual requirements.</p>	<p>tools have been created, and will be revised as needed to ensure that DVR is requiring quarterly budget reconciliations as required by contract.</p>	<p>requiring quarterly budget reconciliations and follows up with the contractor each quarter.</p>	<p>Amanda Ulmer (850) 245-3372</p> <p>Jennifer Ellingsen (850) 245-7004</p>