
Consolidated Work Opportunity Tax Credit (WOTC) Program

Technical Assistance & Compliance Review Guide (Revised June 2007)

**Division of Adult Services
OFFICE OF WORKFORCE INVESTMENT**

**U.S. Department of Labor/ETA
Washington, D.C.**

Work Opportunity Tax Credit (WOTC) Program and Phase-out of the Welfare-to-Work Tax Credit (WtWTC) Review Guide

REVIEW INSTRUMENT:

The review guide is designed for use by the U.S. Department of Labor, WOTC National and/or Regional Office (RO) staff, which perform quarterly and/or annual program reviews. The standards used in evaluating a state workforce agency's (SWA) or Designated Local Agency's (DLA) performance are those prescribed by Congressional legislation, Federal regulations (i.e., Internal Revenue Code of 1986, as amended), and ETA policy guidance in the November 2002, Third Edition of ETA Handbook No. 408, and updated versions of the May 2005 Addendum to the Handbook.

The guide has been updated and formatted in checklist form to facilitate the work of the reviewer. It is divided into nine parts as follows: Parts I. Fiscal Review; II. Program Management/Organization; III. Program Operations; IV. Worksheet A. Document Review Form; V. Record Keeping; VI. Verification Procedures; VII. SWAs/DLAs use of ETA Form 9059 - Report No. 3, Verification Results; VIII. Conditional Certification Process; and IX. Related and Support Activities. Worksheet B, Summary of Findings and Recommendations is divided into three parts: Findings, Recommendations, and Corrective Action Plan. The last three forms are provided as samples to aid the reviewer in preparing the final report, which is to be submitted to the corresponding SWA/DLA and the Employment and Training Administration (ETA).

TRANSMITTAL OF WOTC SUMMARY REPORT:

When prepared by the WOTC Regional Coordinator, the Summary Report and one copy shall be transmitted to the state agency and the Division of Adult Services (DAS) in the Employment and Training Administration respectively, as an enclosure to a cover letter from the Regional Administrator (RA), within 15 working days following completion of the on-site review(s). One copy shall be retained at the Regional Office.

If the report includes any findings of non-compliance or major deficiencies, a copy of the transmittal letter, the report, corrective action plan (if required) or proposed Technical Assistance, agency response, and any further correspondence shall be sent to DAS in ETA, Attn: WOTC National Coordinator, Office of Workforce Investment, within a reasonable period of time of remedial actions and completion of follow-up review by the WOTC Regional Coordinator.

BURDEN STATEMENT:

It is expected that, under normal circumstances, the national and/or regional coordinator(s) should conduct this type of review in two days or a sixteen-hour work period. There may be extenuating circumstances that may require a longer period of time.

Consolidated WOTC PROGRAM CHECKLIST

FY _____

STATE: _____

DATE: _____

I. Fiscal Review:		
1. State's annual Federal funding allocation: \$ _____		
	YES	NO
a. Operates w/in budgeted amounts. If NO, explain.		
b. Any significant over or under-expenditures? Explain. (Check latest quarterly report of planned vs. actual expenditures)		
c. Other.		
II. Program Management, Organization.		
1. Structure & WOTC staff responsibilities system in place.		
Organizational structure & staffing at state & local office's levels.		
a. State Level. All processing & verification system centralized.		
* Powers of Attorney (POA) for Employer Reps in place. ___ Originals ___ Copies		
* Existing POAs: Validity Period ___ Expired ___ Current If expired for how long? ___ yrs. ___ mos.		
<u>Identify no. of staff</u>	<u>Type of staff (FTEs)</u>	<u>% of Time Spent on WOTC</u>
b. Local Office (LO) Level. Receive 8850s and certify.		
c. LO - issues Conditional Certifications only.		
d. PAs - issue Conditional Certifications List PSs' names:		
e. MOUs w/PAs in place? Yes ___ No ___ Type: Written ___ Verbal ___ Updated every: 6 ___, 12 ___, or 24 mos. ___ Other ___ Explain: _____		
f. LO - involved in promotional activities to employers/job seekers only. If Yes, Explain. Indicate types of promotional/marketing materials produced or used (Secure copies of materials)		
2. SWA Coordinator trains and /or provides TA to staff & PAs. If not, who? Frequency of Training to Staff: (Circle one) Every 3, 6, 9 mos. Other ___ To PAs: Every 3, 6, 9 mos., Other ___ Frequency of TA to Staff: (Circle one) Every 3, 6, or 9 mos. To PAs: Every 3, 6, or 9 mos.		

WOTC PROGRAM REVIEW CHECKLIST
FY _____

STATE: _____

DATE: _____

III. Program Operations.		
	YES	NO
1. Written requests' files for individuals hired are maintained in state central office.		
a. If all processing is done at the state level are any files kept at the LO?		
b. SWA has fully/partial automated system for processing certification requests.		
c. SWA has electronic access to HHS/USDA welfare/food stamps records for verification activities.		
d. Process for establishing timely submission of 8850s in place. Explain.		
e. Process for classifying the 8850s upon receipt in place. Explain.		
f. System for matching ETA 9061 w/8850 if not received w/8850 in place. Explain.		
g. Procedure for obtaining documentary evidence in place. Explain.		
h. Procedure for verifying legitimacy of POA in place. Explain.		
i. Employers/representatives are notified if there are pros. w/the Certification Request. Within 48 hrs; 10; 20; 30; 60 days. (Circle one) Describe process, w/time frames, follow-up and closure of case file (Attach description to this form)		
j. Priorities or time lapse targets for issuing certifications are in place. Explain.		
k. State Coordinator issues Certifications/Denials. All SWA WOTC staff issue Certifications/Denials.		
l. Priorities or time lapse targets for issuing denials are in place. Explain. (Collect sample of denial form(s))		
m. States' certification procedures fulfill all required steps in ETA Handbook No. 408.		
n. Procedures are accomplished w/in time periods in proportion w/ workload & funds		

CONTINUATION SHEET.**WOTC PROGRAM REVIEW CHECKLIST**

FY _____

State: _____

DATE: _____

V. Record Keeping.

	YES	NO
1. Adequate forms used for information collection, recording and filing, during case file review. Explain.		
a. All documents pertaining to the case being revised are kept together in one place.		
b. Adequate facilities for 4-year retention. Explain.		
c. Are complete case files maintained for ineligibility determinations and for others not processed? Explain.		
d. Agency provides for retention of all documentation at least 4-yrs., after a Certification is invalidated.		

VI. Verification Procedures.

1. State utilizes adequate quality control processes as follows:		
a. 48-hour Review		
b. ETA Form 9065		
c. End of Qtr Sample - ETA Form 9059		
d. Other (Pls., describe, explain)		
2. Does state conduct a 48-hour review?		
a. Who performs this review?		
b. What kind of training was provided to this person in preparation of this responsibility?		
c. Is there some kind of notation on the case file that the 48-hr. review took place, the date and who completed the review? Explain.		
d. No. of cases reviewed:		
e. A certification was properly issued in each case.		
f. If not, list each case and explain discrepancies and how these were addressed.		

CONTINUATION SHEET.

WOTC PROGRAM REVIEW CHECKLIST

FY _____

State: _____

DATE: _____

	YES	NO
2. If SWA does not conduct a 48-hour review, explain what internal controls are in place to assure that Certifications are being properly issued? Explain.		
a. SWA issues a rather large no. of denials. If yes, please explain.		
b. Inadequate internal quality controls.		
c. No Quality Control system in place.		
3. State has a verification system in place. If yes, explain.		
a. When is sample selected? Weekly ___ Monthly ___ Quarterly ___		
b. Sample is statistically-randomly selected.		
c. Verification activities are performed and documented. Frequency: Daily ___ Weekly ___ Monthly ___		
d. Verification data obtained for at least the required sample percentage.		
e. Process to document a withdrawal of certification follows policy guidance in ETA Handbook 408. Explain.		
f. Explain adequacy and/or differences between processing activities conducted at state-centralized level and those conducted at a decentralized LO level. <div style="display: flex; justify-content: space-around;"> <u>State Centralized System</u> <u>LO System</u> </div>		

CONTINUATION SHEET.**WOTC PROGRAM REVIEW CHECKLIST**

FY _____

State: _____

DATE: _____

VII. Analysis of SWA's use of ETA Form 9059, Verification Results for WOTC, Report No. 3.

(A sample should be taken from all previous ETA 9059s submitted since the last RO review)

1. Quarters Reviewed:

2. No. of cases examined during this post-review:

3. Samples were drawn statewide.

YES

NO

4. Sample(s) was (were) randomly drawn and in accordance w/the guidance in ETA Handbook 408.

What method was used to select if different from the one recommended in the Handbook?

5. Sample size meets standards outlined in ETA Handbook 408

Universe Size: _____ Sample Size: _____ No. Certified: _____ No. Ineligible:

Total No. Cases Reviewed: _____

6. ETA Verification Form 9065 was completed for each sample.

7. If ETA Form 9065 is not used describe the Quarterly Review Process the SWA uses including how the findings are addressed.

8. Auditor was different from original certification issuer.

9. Verification activities conducted by state meet the minimum Federal standards.

10. FINDINGS: Significant Deficiencies (Use next sheet if necessary)

11. Recommendations/Corrective Action Plan (Use next sheet if necessary)

CONTINUATION SHEET.

Pages: ____ of ____

WOTC PROGRAM REVIEW CHECKLIST

FY _____

State: _____

DATE: _____

10. FINDINGS: Significant Deficiencies (Continued)

11. Recommendations/Corrective Action Plan:

CONTINUATION SHEET.

Pages: ___ of ___

WOTC PROGRAM REVIEW CHECKLIST

FY _____

State: _____

DATE: _____

VIII. Conditional Certification (CC) Process		
	YES	NO
1. The SWA has delegated the CC responsibility to Participating Agencies (PAs).		
2. List all PAs which issue CCs		
3. The SWA has entered into written agreements/ MOUs with: ___SOME, ___ ALL, ___ NONE of the PAs.		
4. Written agreements w/PAs describe the CC authority and whether or not this authority extends to ALL target groups or just one. Explain.		
5. Agreements are reviewed and updated every 3, 6, 12 months. Circle those that apply. If not explain.		
6. How are PAs informed of changes to WOTC procedures or changes in program policies? Explain.		
7. SWA provided orientation & training to the PA staff in the past 6 or 12 months. (Circle one) In what form? Explain training.		
8. SWA provides TA to the PAs every 1, 3, 6, 9, 12, mos., or on an as needed basis.		
9. SWA issues Certifications to WOTC eligible participants who seek employment w/CCs issued by Vocational Rehabilitation Agencies and Employment Networks.		
10. No. of Certifications issued to "Ticket Holders" in FY : Q1_____ Q2_____ Q3_____ & Q4_____		
11. SWA reviews the CCs it issues for accuracy and consistency, completeness. If yes, HOW?		
12. PAs review the CCs they issue for accuracy and consistency, completeness. If yes, HOW?		
13. State conducts a "quality audit" of the CCs issued by the PAs every 3, 6, 12 months. <i>(Note to Reviewer: Reviewer should select a randomly chosen sample of CCs on file (copies are OK) to determine accuracy and completeness and make sure they use ETA 9062.)</i>		

CONTINUATION SHEET.

Pages: ___ of ___

WOTC PROGRAM REVIEW CHECKLIST

FY _____

State: _____

DATE: _____

14. No. of CCs revalidated by the state for: Q1 _____ Q2 _____ Q3 _____ & Q4 _____

15. No. of CCs revalidated by the PAs for: Q1 _____ Q2 _____ Q3 _____ & Q4 _____

IX. Related & Support Activities' Review. Note. This information may be obtained from: document reviews, observation of activities, and/or via interviews w/staff. Not all questions will apply to all states. Answers to these 4 questions should also be reported in WORKSHEET B.

1. Are there significant delays in meeting target dates for initiating or completing any work plan activities? Report size and aging of any backlogs. Describe circumstances/reasons for backlogs.

2. Have the quarterly reports been submitted in a timely manner and do they accurately reflect activities during the quarter as required in *ETA Handbook No. 408*?

3. Have the procurements for any specialized technical equipment (e.g., computer related) or for other resources been made in a timely fashion, in accordance with the Cost Reimbursable Grant specifications, appropriate state procedures and/or work plans?

4. Are there any administrative or operational problems which hinder the implementation and progress of the WOTC program?

WOTC PROGRAM REVIEW CHECKLIST
FY _____

Summary of Findings and Recommendations

State: _____ **DATE:** _____ **Reviewer:** _____

FINDINGS:

WORKSHEET B. Pages: ___ of ___
WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST
FY

Summary of Findings and Recommendations

State: _____ **DATE:** _____ **Reviewer:** _____

Recommendations:

FY _____

Summary of Findings and Recommendations

State: _____

DATE: _____

Reviewer: _____

Corrective Action Plan: