

## TEXAS WORKFORCE COMMISSION LETTER

<b>ID/No:</b>	WD 53-09
<b>Date:</b>	December 23, 2009
<b>Keyword:</b>	TANF/Choices; WIA
<b>Effective:</b>	Immediately

**To:** Local Workforce Development Board Executive Directors  
Commission Executive Offices  
Integrated Service Area Managers



**From:** Laurence M. Jones, Director, Workforce Development Division

**Subject:** **Guidelines for Safeguarding the Issuance of Nonmonetary Incentives for Workforce Investment Act and Choices Participants**

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### **PURPOSE:**

To provide Local Workforce Development Boards (Boards) with guidance on safeguarding nonmonetary incentives for Workforce Investment Act (WIA) and Choices participants, specifically:

- developing internal controls for the safekeeping of incentive cards;
- developing strategies for issuing incentive cards; and
- ensuring policies and strategies are reviewed and tested.

### **BACKGROUND:**

In October 2007, the State Auditor's Office (SAO) released a report on the Texas Workforce Commission's (Commission) administration of Choices. The SAO report expresses concern about the Boards' use of nonmonetary incentives. Under federal and state law, nonmonetary incentives are allowable for Choices participants; however, the SAO report cites specific concerns with the issuance of incentive cards, including a lack of procedures, review, and guidance from the Commission to the Boards on their use.

### **PROCEDURES:**

Boards must develop guidelines and strategies to ensure the proper administration and control of incentive cards.

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It is recommended that Boards implement a system by which Texas Workforce Center staff issues vouchers to WIA and Choices participants who are eligible for

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incentives. The vouchers would be redeemable for incentive cards through another designated Texas Workforce Center staff member, who would serve as the point of contact for:

- issuing incentive cards;
- reconciling amounts of incentive cards on hand with amounts received and distributed; and
- maintaining a receipt log that records each incentive card issued and the signature of the participant redeeming a voucher for that incentive card.

When establishing control measures, Boards must ensure that there is a distinct separation of duties regarding the acquisition, safekeeping, and accounting of incentive cards. If this is not possible, Boards must ensure that compensating controls are implemented.

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Additionally, Boards must ensure that:

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- incentive card quantities are signed for and verified by denomination when received;
- incentive cards are disbursed in the presence of two staff members or, if this is not possible, that a clear separation of duties exists with, for example, the case manager issuing a voucher for the incentive card and a separate Texas Workforce Center staff member issuing the incentive card;
- a receipt log is maintained on file that:
  - documents the number of incentive cards, the card numbers, and their denominations; and
  - is signed by both the case manager and the participant when an incentive card is issued;
- staff with incentive cards performs a physical inventory of the cards at the beginning and end of each business day;
- the receipt log is reconciled each month to an accounting system (such as a general ledger or a subsidiary ledger), and includes reconciliation of the inventory as well as the number of incentive cards, the card numbers, and their denominations;
- incentive cards are maintained in a secured and locked area at all times;
- access to incentive cards is limited to designated staff; and
- Board monitors review and test Texas Workforce Center incentive card controls as part of their monitoring plan.

Boards must be aware that the intent of these controls is to prevent collusion.

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It is recommended that Boards periodically change the staff responsible for the inventory of incentive cards with a controlled turnover process.

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Boards must ensure that:

- policies in Chapter 2 of the Financial Manual for Grants and Contracts are followed to ensure effective internal control and accountability for all grant and sub-grant cash, real and personal property, and other assets;
- all such property is adequately safeguarded and used solely for authorized purposes; and
- if it is determined that incentive cards are missing, the procedures detailed in WD Letter 59-06, Change 1, issued February 2, 2007, and entitled “Requirements for Reporting, Fact-Finding, and Prosecution of Fraud, Waste, Theft, and Program Abuse Cases, and Collection of Overpayments: Update” are followed.

**INQUIRIES:**

Direct inquiries regarding this WD Letter to [wfpolicy.clarifications@twc.state.tx.us](mailto:wfpolicy.clarifications@twc.state.tx.us).

**RESCISSIONS:**

None

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**REFERENCE:**

Texas Workforce Commission Financial Manual for Grants and Contracts, Chapter 2  
WD Letter 27-08, issued October 23, 2008, and entitled “Guidelines for the Provision of Nonmonetary Incentives for Workforce Investment Act and Choices Participants”  
WD Letter 59-06, Change 1 issued February 2, 2007, and entitled “Requirements for Reporting, Fact-Finding, and Prosecution of Fraud, Waste, Theft, and Program Abuse Cases, and Collection of Overpayments: Update”

**FLEXIBILITY RATINGS:**

**No Local Flexibility (NLF):** This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

**Local Flexibility (LF):** This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”