



***HEART OF TEXAS WORKFORCE DEVELOPMENT BOARD
PROPOSED POLICY***

ID NO.:	HWD 003 -10	DATE ISSUED:	March 18, 2010
PROGRAM:	TANF, WIA	KEYWORD:	Incentive Cards for Clients, Controls

Subject: Definition and limits on awarding incentive cards to clients for achieving objectives.

Purpose: To allow the Workforce Solutions Center contractor to provide limited incentives to clients for achieving certain objectives of their employability plan.

References: TWC Financial Manual for Grants and Contracts, Chapter 2
WD Letter 53-09, issued December 23, 2009
WD Letter 27-08, issued October 23, 2008
WD Letter 59-06, Change 1 issued February 2, 2007

Discussion: Under federal and state law, nonmonetary incentives are allowable for certain eligible participants; however, the issuance of such, must be carefully safeguarded to prevent fraud and abuse. Therefore, the Board establishes this policy to provide contractors guidance for procedures on their use. In addition, the Board ensures 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 such property is 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.

Policy: The Board authorizes contractors to award incentives only if the Board contract manager is notified 60 days prior to implementation of such awards, and absolutely not before review and written acceptance of step by step procedures by both the contract manager and the Quality Assurance staff at the Board.

The contract manager shall test the system a minimum of five random times during the first quarter of operation to ensure that procedures are being implemented appropriately, and may test the system at will beyond the first quarter. Board fiscal monitor shall review and test Workforce Solutions Center incentive card controls as part of the annual fiscal monitoring.

If at anytime it is found that procedures are being violated, the Board can unilaterally suspend the authority of the contractor to award incentives to customers and take possession of remaining inventory with no reimbursement/compensation to the contractor.

To avoid real, or the impression of, collusion, the Board contract manager shall require the contractor to periodically change the staff responsible for the inventory of incentive cards with a controlled turnover process.

Procedural Requirements: Control measures must ensure a distinct separation of duties regarding the acquisition, safekeeping, and accounting of incentive cards.

The contractor procedures shall define steps that ensure:

1. the specific objective/s that must be achieved to qualify for an incentive;
2. the frequency with which an incentive may be earned, as well as other definitions and limitations;
3. purchased incentive card quantities are verified by denomination and signed for when received by a staff other than the person who procured the order;
4. 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, a case manager issues a voucher for the incentive card and a separate Workforce Solutions Center staff member issues the incentive card;
5. 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 issuer and the awardee when an incentive card is dispensed;
 - only the named awardee may collect and sign for an incentive card (no proxies);
6. staff with incentive cards in their possession performs a physical inventory of the cards at the beginning and end of each business day;
7. 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 including the number of incentive cards on hand and cards issued by card number and denomination;
8. incentive cards are maintained in a secured and locked area at all times; and
9. access to incentive cards is limited to designated staff.

Effective Date: March 18, 2010