

SOUTHEASTERN ARIZONA WORKFORCE INVESTMENT AREA FOR LOCAL GOVERNANCE

AMENDMENT 1

August 23, 2022

The Department of Economic Security (DES) Quality Assurance and Integrity Administration (QAIA) Workforce Innovation and Opportunity Act (WIOA) section, conducted case desk audit file reviews for Southeastern Arizona Workforce Development Board in January 2022. The review determined compliance with WIOA Title I-A Governance requirements.

Based on the review conducted, the Southeastern Arizona Workforce Development Board will be required to reply to the following finding: (Note: Letter dated 2/25/2022)

Subject: Firewalls

Finding:

- The Shared Governance Agreement does not address limiting physical and electronic access to information as part of its explanation of different roles. For example, the fiscal agent's role is not defined by having exclusive access to the financial system.
- State Workforce Policy #8 is cited as a general requirement for staff to follow with regards to firewalls and conflict of interest, but State Workforce Policy #1 also requires the Shared Governance Agreement to include an explanation of its firewalls in part by detailing individual roles and responsibilities within the agreement itself. An explanation of roles is part of compliance with firewall inclusion requirements. Which provisions must be included in the firewalls are defined in State Workforce Policy #8.

Recommendation:

- Expand discussion of roles to include access to information as outlined in Workforce Arizona Council WIOA Conflict of Interest Policy Section IV§(B)(5).

Item 3 of the Shared Governance Agreement has been revised per the above recommendation (**revisions are in red**).

3. Conflict of interest **and Firewalls**

SAWD Board Members shall avoid both conflict of interest and appearance of conflict of interest in the conduct of the Board's business.

SAWD shall follow: Arizona law on Conflict of Interest as set forth in Arizona Revised Statutes, Title 38 — Public Officers and Employees, Chapter 3 — Conduct of Office, Article 4 Section 38-447 and Article 8 Section 38-501-511.

Conflict of Interest is defined as real, apparent and organizational. It refers to circumstances where an individual or an organization the individual represents has competing interest that may affect that person's ability to act objectively and without bias. Where there may be circumstances or actions that have the potential to undermine the impartiality of a person due to a clash between the person's interests and their organizational role, or between competing organizational roles if a person serves in more than one organizational role.

If there is a possibility of a conflict of interest, a written agreement will be included. Conflict of interest and the firewalls are listed in this agreement.

ARIZONA@WORK Southeastern Arizona will evaluate and monitor compliance with the laws and regulations and take prompt and appropriate action when any noncompliance is identified in accordance with Uniform Guidance 2 CFR 200.61 and 200.62 and 20 CFR 683.220.

A Local Board member may not vote on any matter that would provide direct financial benefit to the member or the member's immediate family, or on matters of the provision of services by the member or the entity, the member represents.

A Local Board member must avoid even the appearance of a conflict of interest. Prior to taking office, Local Board members must provide to the Local Board President or Chair a written declaration of the substantial business interest or relationship they or their immediate families have with all businesses or organizations that have received, are currently receiving or are likely to receive contract of funding from the Local Board. Such declarations must be updated annually or within 30 days to reflect any changes in such business interest or relationships. The Local Board must appoint an individual to review the disclosure information in a timely manner and advise the Local Board President or Chair and appropriate members of the potential conflicts.

Prior to a discussion, vote, or decision on any matter before the Local Board, if a member, or a person in the immediate family of such member, has a substantial interest in or relationship to a business entity, organization, or priority that would be affected by any official Local Board action, the member must disclose the nature and extent of the interest or relationship and must abstain from discussion and voting on or in any other way participating in the decision on the matter. All abstentions must be recorded in the minutes of the Local Board meeting and be maintained as part of the official record.

It is the responsibility to the Local Board members to monitor potential conflict of interest and bring it to the Local Board's attention in the event a member does not make a self-declaration.

In order to avoid a conflict of interest, a Local Board must ensure that the Local Board's workforce service providers for WIOA Title 1B adult, dislocated worker and youth programs must not employ or otherwise compensate a current or former Local Board member or Local Board employee or grant recipient who was employed anytime during the previous 12 months.

The Local Board must ensure that the Local Board, its members, or its administrative staff do not directly control the daily activities of its workforce service providers, workforce system partners, or contractors.

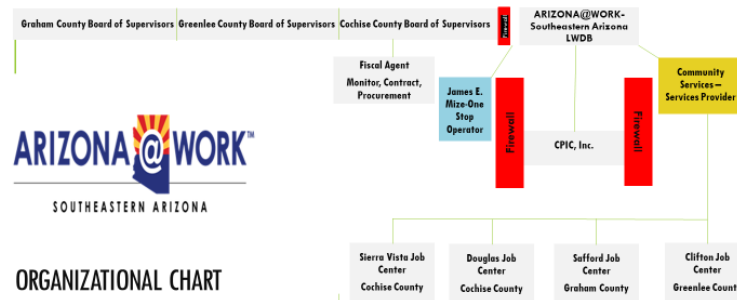
Local Board members or their organizations may receive services as a customer of a local services provider or workforce system partner.

A clear separation of duties will be enforced by the Chairman or President of the Local Workforce Development Board to make sure all firewalls between staff that perform governance functions and operation functions that serve multiple roles in the one-stop service delivery system will be enforced in accordance with the Organizational Chart.

Physical and electronic access will be limited to only the functions and responsibilities assigned to a specific WIOA role.

Only staff performing Fiscal Agent duties may have access to the organization's financial system of record with regard to the funds overseen by the LWDB.

The LWDB's organizational chart details the firewalls in place as required by State Workforce Policy #8:



ARIZONA@WORK-Southeastern Arizona has an intergovernmental agreement with Cochise, Graham and Greenlee counties. Cochise County through the three Board of Supervisors has been designated as grant recipient for the Consortium. Cochise County is designated as Fiscal Agent. Cochise County monitors, contract and does procurement for the LWDB.

The One-Stop Operator is procured and contracted by Cochise County on behalf of ARIZONA@WORK. The One-Stop Operator will manage all aspects of the integrated service delivery coordination to foster partnerships to promote Center function as a multi-agency team and ensure seamless services to customers. The One Stop Operator reports directly to the Local Workforce Development Board (LWDB).

CPIC, Inc. (Cochise Private Industry Council) is comprised of board staff which report directly to the Local Workforce Development Board (LWDB).

CPIC, Inc. Community Services and the Local Workforce Development Board partnership is set-up for CPIC, Inc. Community Services to provide ARIZONA@WORK-Southeastern Arizona Adult, Dislocated Worker and Youth Workforce Services for Title IB participants in Cochise, Graham and Greenlee counties.

IN WITNESS WHEREOF, the parties hereto have affixed their signature to this Agreement titled Southeastern Arizona Workforce Investment Area Governance Agreement Amendment 1 between ARIZONA@WORK, Southeastern Arizona Workforce Development and Cochise, Greenlee and Graham Counties.

COCHISE COUNTY BOARD OF SUPERVISORS:

Ann English, Chairperson

Date

ARIZONA@WORK-Southeastern Arizona Workforce Investment Area:

Ron Curtis-President/Chairman

Date