COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

June 15, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **ANTELOPE VALLEY WORKFORCE DEVELOPEMENT CONSORTIUM CONTRACT - WORKFORCE INVESTMENT ACT PROGRAMS**

We have conducted a program, fiscal and administrative contract review of Antelope Valley Workforce Development Consortium (Antelope or Agency), a Workforce Investment Act Program (WIA) service provider. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Community and Senior Services (DCSS) contracts with Antelope, a private, non-profit, community-based organization, to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. Antelope's office is located in the Fifth District. Antelope is compensated on a cost reimbursement basis. For Fiscal Year (FY) 2004-2005, DCSS paid Antelope $1,196,629, and for FY 2005-2006, Antelope's contract is for $699,307 in services.

Purpose/Methodology

The purpose of the review was to determine whether Antelope has complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County guidelines.

Results of Review

The program participants interviewed stated that the services they received met their expectations. In addition, Antelope maintained adequate controls over its business operations and expenditures were allowable and supported by documentation as required.

Antelope did not complete the Individual Employment Plan (IEP) for eight (40%) of the 20 program participants sampled. The IEP is an on-going plan that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals. Antelope also did not maintain certificate of completion for eight (40%) of the 20 participants sampled that completed the program's training curriculum.

In addition, Antelope also did not maintain the participants' case files in a secured area. The County contract requires that access to the participants' information be restricted to authorized employees.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Antelope on June 5, 2006. In their attached response, Antelope concurred with our findings and recommendations. We also notified DCSS of the results of our review.

We thank Antelope for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Frank C. Roberts, Chairman, Antelope Valley Workforce Development Consortium
Public Information Office
Audit Committee

WORKFORCE INVESTMENT ACT PROGRAM
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM
FISCAL YEAR 2005-06

ELIGIBILITY

Objective

Determine whether Antelope Valley Workforce Development (Antelope or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed documentation in case files for 20 (8%) of 267 program participants (ten Adults and ten Dislocated Workers) that were reported as receiving services between July 2005 through January 2006, to confirm their eligibility for WIA program services.

Results

Antelope did not maintain appropriate documentation to support the participant's eligibility to receive services for one (5%) of the 20 participants. Specifically, the participant's file did not contain proof of age or citizenship as required by the WIA guidelines. Subsequent to our review, Antelope provided the appropriate documentation to determine that the individual qualified for program services.

Recommendation

1. **Antelope management ensure that staff maintain the appropriate documentation to support the participants' eligibility for program services in the participants' files.**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (8%) program participants that received services during July 2005 through January 2006. We also

interviewed ten program participants to confirm the services Antelope billed to DCSS were provided.

Results

The ten program participants interviewed stated that the services they received met their expectations. However, Antelope did not complete the Individual Employment Plan (IEP) for eight (40%) of the 20 program participants. The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals. Subsequent to our review, Antelope provided three of the eight IEPs.

Antelope also did not maintain certificate of completion for eight (40%) of the 20 participants sampled that completed the program's training curriculum. Subsequent to our review, the Agency provided proofs of completion for seven of the eight participants who were reported as having completed the training program. According to Antelope personnel, the proofs of completion were misfiled.

In addition, Antelope did not accurately report the participants' program activities on the Job Training Automation (JTA) system for one (5%) of the 20 program participants as required by the County contract. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. Subsequent to review, Antelope made the necessary correction on the JTA to accurately reflect the participant's program activities.

Recommendations

Antelope management:

2. **Ensure that staff complete the IEP for each participant.**

3. **Ensure that a certificate of completion is maintained in the participant's file to support the completion of training and other activities.**

4. **Ensure that staff accurately report the participant's program activities on the JTA system.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the bank reconciliations for December 2005.

Results

Antelope maintained adequate controls to ensure that revenue is properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations in this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether the program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for 12 (35%) of the 34 non-personnel expenditure transactions. The expenditures reviewed totaled $2,123 (78%) of $2,707 the Agency billed for September 2005.

Results

Generally, expenditures were allowable, accurately billed to DCSS, and supported by documentation as required.

Recommendation

There are no recommendations in this section.

INTERNAL CONTROLS

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, Antelope maintained adequate controls over its business operations. However, Antelope's procurement policy required the Agency's staff to obtain three price quotes for purchases in excess of $5,000. According to WIA guidelines, at least three price quotations are required for purchases over $1,000.

In addition, Antelope did not maintain the participants' case files in a secured area with restrictive access. The County contract requires that the contractor maintain the confidentiality of the program participants by restricting access to the participants' information only to authorized employees.

Recommendations

Antelope management:

5. **Ensure that the procurement policy is in compliance with WIA guidelines.**

6. **Ensure that participants' case files are maintained in a secured area with restricted access only to authorized employees.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's equipment inventory listing. In addition, we performed an inventory and reviewed the usage of ten items funded by WIA funds, totaling approximately $21,185.

Results

Antelope used the fixed assets and equipment purchased with WIA funding for the WIA program. In addition, the items were appropriately safeguarded.

Recommendation

There are no recommendations in this section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed the September 2005 payroll expenses for four employees, totaling approximately $1,840, to the payroll records and time reports. We also interviewed one staff and reviewed the personnel files for five staff assigned to the WIA program.

Results

Antelope appropriately charged payroll expenses to the WIA program. In addition, Antelope's personnel files were properly maintained.

Recommendation

There are no recommendations in this section.

COST ALLOCATION PLAN

Objective

Determine whether Antelope's Cost Allocation Plan was prepared in compliance with the County contract and applied to program costs.

Verification

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in September 2005.

Results

Antelope's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations in this section.

WorkSource CALIFORNIA
Building Businesses and Careers
ANTELOPE VALLEY One-Stop CAREER CENTER

June 12, 2006

Antelope Valley
Workforce Development
Consortium

Members:

Mayor Frank C. Roberts
City of Lancaster

Michael Dolphin
Employment Development Dept.
Los Angeles Job Service Division

Jackie L. Fisher Sr.
Antelope Valley College

David Vierra
Antelope Valley Union High
School District

Mel Layne
Greater Antelope Valley
Economic Alliance

Billie Jenkins
County of Los Angeles
Dept. of Public Social Services

Mr. J. Tyler McCauley
Department of Auditor-Controller
Countywide Contract Monitoring Division
Attention: Yoon Bae
1000 S. Fremont Ave., Unit #51
Alhambra, CA 91803-4737

Dear Mr. McCauley:

This letter is in response to your draft report regarding the WorkSource California Antelope Valley One-Stop Career Center's WIA contract review report.

Enclosed is the corrective action report for the recommendations noted.

If you have any questions, please contact me at (661) 945-5037.

Sincerely,

Shirley Kemp

SHIRLEY KEMP, Executive Director
Antelope Valley Workforce Development Consortium

Enclosures

1420 West Avenue I
Lancaster, CA 93534
(661) 726-4128

WORKFORCE INVESTMENT ACT PROGRAM
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM
FISCAL YEAR 2005-06

ELIGIBILITY

Results

For one (5%) of the 20 participants, Antelope did not maintain appropriate documentation to support the participant's eligibility to receive services. Specifically, the participant's file did not contain proof of age or citizenship as required by the WIA guidelines. Subsequent to our review, Antelope provided the appropriate documentation to determine that the individual qualified for program services.

Recommendation

1. **Antelope management ensure that staff maintain the appropriate documentation to support the participants' eligibility for program services in the participants' files.**

Resolution

On a bi-monthly basis all participant files will be reviewed to confirm the appropriate eligibility documents have been completed and are in the files.

BILLED SERVICES/CLIENT VERIFICATION

Results

The ten program participants interviewed stated that the services they received met their expectations. However, for eight (40%) of the 20 program participants, Antelope did not complete the Individual Employment Plan (IEP). The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals. Subsequent to our review, Antelope provided three of the eight missing IEPs.

For eight (40%) of the 20 participants, Antelope did not maintain certificate of completion for the training program that the Agency reported as being completed on the JTA system. Subsequent to our review, the Agency provided proofs of completion for

seven of the eight participants who were reported as having completed the training program. According to Antelope personnel, the proofs of completion were misfiled.

In addition, for one (5%) of the 20 program participants, Antelope did not accurately report the participants' program activities on the Job Training Automation (JTA) system as required by the County contract. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. *Subsequent to review, Antelope made the necessary correction* on the JTA to accurately reflect the participant's program activities.

Recommendations

Recommendations

Antelope management:

2. ***Ensure that staff complete the IEP for each participant.***

3. **Ensure that a certificate of completion is maintained in the participant's file to support the completion of training and other activities.**

4. **Ensure that staff accurately report the participant's program activities on the JTA system.**

Resolution

As stated above all participant files will be reviewed on a bi-monthly basis to ensure the appropriate eligibility documents have been filed. Additionally, at the same time the JTA system will be reviewed for activity entries.

INTERNAL CONTROLS

Results

Generally, Antelope maintained adequate controls over its business operations. However, Antelope's procurement policy required the Agency's staff to obtain three price quotes for purchases in excess of $5,000. According to WIA guidelines, at least three price quotations *are required for purchases over $1,000.*

In addition, Antelope did not maintain the participants' case files in a secured area with restrictive access. The County contract requires that the contractor maintain the confidentiality of the program participants by restricting access to the participants' information only to authorized employees.

Recommendations

ANTELOPE management:

5. **Ensure that the procurement policy is in compliance with WIA guidelines.**

6. **Ensure that participants' case files are maintained in a secured area with restricted access only to authorized employees.**

Resolution

Please refer to the attached copy of section 1206 - Acquisition of Supplies and Equipment section, which is part of our contract with the Community and Senior Services of the County of Los Angeles. Based on our contract with the Los Angeles County we were following their established procurement guidelines. Since this review we have began to follow the WIA guidelines of obtaining three price quotes for purchases over $1,000.

Case files are scheduled to be relocated to a more restricted area by June 30, 2006.

§ 1206. Acquisition of Supplies and Equipment

(a) Equipment. Contractor shall obtain at least three (3) bids in writing prior to purchasing equipment over $5,000 per unit in value as approved in the Budget, **Exhibit D**, and must purchase from the lowest bidder, unless a written waiver is requested by Contractor and granted by the County. In addition, any purchase of equipment $5,000 or more per unit shall require prior written approval of the County and State. All equipment costing over $5,000 or having a life expectancy of more than one (1) year shall be properly identified and inventoried as specified in the County Auditor-Controller Accounting and Contract Administration Handbook and shall be charged at its actual price deducting all cash discounts, rebates, and allowances received by Contractor. Equipment purchases approved in the Budget by above provisions will apply to leasing as well as to purchasing of equipment. Title to such equipment shall be vested in County/State per program regulations.

(b) Purchase and invoice deadlines. Purchase of equipment or property must be completed prior to the last three (3) months of the Contract period. Contractor must complete all purchases of supplies before the last two (2) months of the Contract period. Invoices which have not been submitted for payment prior to the termination date of this Contract must be forwarded to the County's Fiscal Section within sixty (60) business days after the Contract termination or they may not be honored. Exceptions to the preceding restrictions/limitations require prior written by County Project Director or designee.

(c) During this Contract, where equipment is purchased by Community and Senior Services and furnished to the Contractor to assist in providing services under the terms of this Contract, said equipment, whether fixed or non-fixed, is to be transferred or returned to CSS at the request of the Director of CSS, or authorized representative.

§ 1207. Out-of-Town Travel

Contractor shall not incur any expenditure for travel outside Los Angeles County without prior written approval of the County. Such expenditure must be program related. Expenditures of funds without prior approval will result in withheld payments.

§ 1208. Notices

(a) The appropriate County representative, as set forth in Section 7 Notices/Authorized Signatures of the foregoing Contract, is the party to whom the Contractor shall forward all documents, reports, and records as required by this Contract.

(b) Formal notices, demands and communications to be given hereunder by either party shall be made in writing and may be effected by personal delivery or by registered or certified mail,