COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

May 8, 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: **WILLIAM S. HART UNION HIGH SCHOOL DISTRICT - WORKFORCE INVESTMENT ACT PROGRAMS**

We have conducted a program, fiscal and administrative contract review of William S. Hart Union High School District (Hart or Agency), a Workforce Investment Act (WIA) Program 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 Hart, an educational institution, to provide and operate the WIA youth program. The WIA youth program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Hart's office is located in the Fifth District. Hart is compensated on a cost reimbursement basis. For fiscal year (FY) 2004-2005, DCSS paid Hart approximately $189,000 and for FY 2005-2006, Hart's contract is for approximately $197,000.

Purpose/Methodology

The purpose of the review was to determine whether Hart has complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to youth participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County guidelines. Our sample period was July, August and September 2005.

Results of Review

The program participants/guardians interviewed confirmed that the services they received met their expectations. Hart maintained adequate controls over cash and other liquid assets. In addition, Hart's non-personnel expenditures were appropriate, properly classified, allowable, and supported by documentation as required.

Hart did not maintain documentation to support the income eligibility for two (17%) of the 12 participants sampled. In addition, one (8%) of the 12 participants exceeded the maximum hours of work experience allowed per the County contract. Hart needs to repay DCSS for the $1,795 in over-billed services provided to the three participants.

For the 12 program participants files reviewed, Hart did not document their monthly meetings with the participants to discuss the participants' progress towards achieving their long-term and/or employment goals as required by the County contract.

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

Review of Report

We discussed our report with Hart on March 23, 2006. In their attached response, Hart stated that they maintained appropriate documentation to support the participants' program eligibility. Hart provided documentation to support the participants' disabilities. However, Hart did not provide documentation to support the participants' income eligibility which is required. In their response, Hart also stated that they maintained a procedural manual for administering the WIA program and obtained approval for the excess hours reported by the participant. Subsequent to our review, Hart developed a procurement manual in compliance with WIA guidelines and obtained approval for the excess hours reported by the program participant.

We notified DCSS of the results of our review. DCSS indicated that they will work with the contractor to ensure that Hart maintains sufficient documentation to support the participants' eligibility and they maintain the appropriate procedure manuals.

We thank Hart 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 Banks, Director, Department of Community and Senior Services
Ronald Rudzinski, Program Director, William S. Hart HUSD
Public Information Office
Audit Committee

WORKFORCE INVESTMENT ACT PROGRAM
WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
FISCAL YEAR 2005-06

ELIGIBILITY

Objective

Determine whether William S. Hart Union High School District (Hart or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We sampled 12 (34%) program participants from a total of 35 participants that received services between July and September 2005 and reviewed their case files for documentation to confirm their eligibility for WIA program services.

Results

For two (17%) of the 12 participants, Hart did not maintain appropriate documentation to support the participants' income eligibility to receive program services. The amount of services Hart billed the Department of Community and Senior Services (DCSS) for services provided to the two participants totaled $1,000.

Recommendations

Hart management:

1. **Ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment as required under the WIA guidelines.**

2. **Repay DCSS $1,000.**

3. **Review the eligibility of all program participants enrolled in their program and repay DCSS for services provided to ineligible participants.**

BILLED SERVICES/CLIENT VERIFICATION

Objective

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

Verification

We reviewed the documentation contained in the case files for 12 program participants that received services during July through September 2005. We also interviewed nine program participants/guardians to confirm the services Hart billed DCSS were provided in accordance with WIA guidelines.

Results

The nine youth program participants/guardians interviewed stated that the services they received met their expectations. However, for one (8%) of the 12 youth participants Hart billed DCSS for work experience that exceeded the maximum allowed in the County contract without obtaining authorization from the Agency's Director as required. The amount over billed totaled $795.

In addition, for 12 participants, Hart did not document their monthly discussions with the participants on the participants' program towards achieving their long-term and/or employment goals. For two (17%) of the 12 youth participants, Hart did not conduct a post-assessment in accordance with the County contract. Under the WIA guidelines, a post-assessment must be performed within one year of the pre-assessment. One participant received a pre-assessment in 2001 and the second participant received a pre-assessment in July 2004.

Recommendations

Hart management:

4. **Repay DCSS $795.**

5. **Ensure that participants do not exceed the maximum hours of work experience allowed under the County contract without the required authorization.**

6. **Ensure that staff discuss and document their monthly discussions of the long-term and employment goals with the participants as required.**

7. **Conduct post-assessments for the two participants and ensure that post-assessments are administered within one year of the pre-assessments for all program participants as required.**

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 bank reconciliations for the months of August and September 2005.

Results

Hart maintained adequate internal 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 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 non-payroll expenditure transactions billed by the Agency for July and August 2005.

Results

Hart's expenditures were allowable properly documented and accurately billed to DCSS 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.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals and tested transactions in various areas such as expenditures, payroll and personnel.

Results

Hart does not always verify that the participants' timecards are signed by the participants and the worksite supervisors as required. Specifically, we noted the following:

- For 11 (16%) of the 67 participants' timecards submitted during the months of July and August 2005, the participants did not sign the timecards.

- For nine (13%) of the 67 participants' timecards submitted during the months of July and August 2005, the worksite supervisors did not sign the timecards.

In addition, Hart did not maintain various policies and procedures documentation as required. Specifically, Hard did not maintain:

- A complete written procurement policies and procedures manual as required by the WIA guidelines. Hart's current procurement procedures do not require that three price quotations be obtained for purchases over $1,000 as required under the County contract. Subsequent to our review, Hart developed a procurement manual in compliance with WIA guidelines.

- An appropriate procedural manual for administering the WIA youth program. Hart's program procedural manual consisted of various program directives. However, Hart's manual did not identify specific procedures for administering the program, such as how the staff should screen and document the participant's eligibility, how often the staff should discuss the goals with the participants, or when the staff should administer the post-assessment for basic skills deficient participant.

Recommendations

Hart management:

8. **Ensure that timecards are signed by both the participants and supervisors as required.**

9. **Ensure that a procurement manual and a procedural manual for administering the WIA youth program are developed in compliance with WIA guidelines and distributed to personnel.**

FIXED ASSETS AND EQUIPMENT

Objective

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

Verification

We interviewed Agency personnel and reviewed the Agency's inventory listing. In addition, we performed an inventory and reviewed the usage of ten items funded by WIA funds, totaling approximately $9,500.

Results

For the ten items reviewed, Hart appropriately utilized the items for the WIA program. However, Hart had not performed a physical inventory, since August 2003. Under the County contract, Agencies are required to perform a physical inventory of the fixed assets on an annual basis.

Recommendation

10. **Hart management ensure that a physical inventory is performed on an annual basis as required under the County contract.**

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 reviewed the payroll expenditures for three employees and 19 participants, totaling $8,275 (42%) out of $19,619, for August 2005. We also interviewed staff and reviewed the personnel files of staff assigned to the WIA program.

Results

Hart appropriately charged the salary expense for the three employees to the WIA program. However, for one (5%) of the 19 participants, Hart charged the WIA program for wages earned by a non-WIA program participant. The amount over billed totaled $78. Hart staff indicated that the billing was a data entry error. Subsequent to our review, Hart repaid DCSS the $78 over billed.

Recommendation

11. Hart ensure that staff accurately enter payroll information into the payroll system.

COST ALLOCATION PLAN

Objective

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

Verification

We reviewed Hart's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during July and August 2005, to verify that the costs were allocated in accordance to the cost allocation plan.

Results

Hart'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.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT

Career Visions

"...working toward a productive future!"

April 6, 2006

J. Tyler McCauley, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Unit #51
Building A-9 East, First Floor
Alhambra, CA 91803

Dear Mr. McCauley:

Enclosed please find our Final Response to the recommendations of a recent review of our Workforce Investment Act Program, by your office. The time spent by, and thoroughness of, your staff in this process is appreciated. We look forward to continual improvements in our program services for the benefit of the participants we serve.

Sincerely,

Ron Rudzinski, Supervisor
WIA Program Director

21515 Centre Pointe Parkway, Santa Clarita, CA 91350

Wm. S. Hart UHSD

Eligibility
Recommendation Response # 1, 2 & 3

1. We believed both participants were eligible for enrollment as "out of school youth" in the WIA program due to learning disabilities documented while attending Wm. S. Hart High School. We had IEP (Individual Education Plans) with school psychologist's documentation in the files. We have secured self-attestation from each participant since the audit, that they were still affected by their disabilities at the time of enrollment. Per Attachment A: SOURCE DOCUMENTATION – Revised Elements for Data Validation & Source Documentation Requirements For WIA Programs. This document is in the individual's files.
2. Repayment is unnecessary as participant's were eligible at the time of enrollment.
3. Case Managers are reviewing all enrolled participants eligibility

Billed Services/Client Verification
Recommendation Response # 4,5, 6, & 7

4. & 5. Repayment not necessary because, the Program Director was aware participant needed additional work experience hours and had signed all timecards, however, had not provided written approval for the file. Do to these extra hours the participant has been successful in securing a non-subsidized job in field of interest.
A WIA Work Hours Wavier Request form has been generated that will be submitted when additional hours are required to meet a work experience goal. A pink copy is included.

6. At the time of the audit we did not have monthly documentation of long-term and employment goals in the participants files. To ensure staff discusses long term & employment goals a participant questionnaire has been generated to cover areas of discussion when each participant is contacted monthly. A yellow copy is included.

7. Case managers thought post-assessments were required at exit.
Post-assessments will be given within 1 year of pre-assessment.
Post-assessments for the two participants have been given and are included in their file.

INTERNAL CONTROLS
Recommendation Responses # 8 & 9

8. We concur that not all participant's timecards have been signed by the authorized persons. We sometime accept telephone reporting. For the future, no timecard will be accepted without proper signatures, by participants and worksite supervisor.

Audit states, "Hart does not have a procedural manual for administering the WIA youth program". At the time of the audit we did & still do have a "Workforce Investment Act Reference Manual". Cynthia Arance provided this manual to the auditor.

Wm. S. Hart UHSD

9. The attached "Procedures for Placing Orders at the Hart District" serves as the procurement manual. It has been distributed to personnel.

FIXED ASSETS AND EQUIPMENT
Recommendation Response #10

10. We concur with the audit that the physical inventory list had not been date. Physical Inventory was checked each year when the report was given to Von Hurt at CSS. Actually, inventory is taken everyday a staff member works, they instantly know if their computer is missing. Cash registers are noticed, when we *go into the room where they are being stored. In the future, an inventory list will* be signed annually.

PAYROLL AND PERSONNEL
Recommendation Response #11

11. We will ensure that staff accurately enter payroll information into the payroll system.

Restricted Resources
Funding Administrators

	Federal Resources	Funding Administrator
30100.0	IASA: Title I Basic Grants Low Income and Neglected, Part A (Comp Ed) - ILP- Loc 0000089	Deloria
34050.X	Special Education: Workability I	Lieberman
34055.X	Special Education: Workability I - Middle School	Lieberman
34100.0	Transition Partnership Program (TPP)	Rudzinski
34101.0	Transition Partnership Program-On the job training (TPP-OJT)	Rudzinski
35500.0	Vocational Programs Sec 131 Carl Perkins Act (VEA)	Kerman
37100.0	IASA: Tivle IV Drug-Free Schools	Freifeld
39050.0	Adult Education - 231 ABE/ESL CITIZENSHIP - VESL	Rick
40350.0	NCLB: Title II - Teacher Quality (Training/Recruiting)	Deloria
40450.X	Title II - Part D - Enhancing Educ thru Technology	Deloria
41100.0	IASA: Innovative Education Program Strategies (Title VI) Title V in 02/03 (avid tutors)	Deloria
42030.0	ESEA Title III - LEP	Deloria
46100.0	Charter School Grant (TLC)	Davidson
56000.0	Workforce Investment Act **(Over $1000 - must obtain 3 price quotes)**	Rudzinski
56001.X	Calworks **(Over $1000 - must obtain 3 price quotes)**	Rudzinski
56400.0	Medi-cal Billing Option	Lieberman
	State Restricted Resources	
62850.0	Community-Based English Tutoring Program	Rick
62860.0	English Language Acquisition Program (ELAP)	Deloria
62960.0	California Public School Library Act of 1998 (AB 862)	Engbrecht
63000.0	Lottery (Instr Matls/Textbooks - Growth - Engbrecht)	Engbrecht
63500.0	ROP	Lee
63900.0	Adult Ed Apportionment	Rick
64050.0	Carl Washington School Safety & Violence Prev Act (AB1113) - Vida	Freifeld
65000.0	Special Education (Not Redview) - (incl. TLC)	Lieberman
66600.0	Tobacco Use Prevention Education: Elementary Grade 4-8	Freifeld
70900.0	Economic Impact Aid: Limited Engl Profic (LEP) (EIA/SCE 2507420) CELDT	Deloria
71400.0	Gifted and Talented (GATE) AVID	Deloria
71560.0	IMFRP (Instr Matls Realignment Program - State Text)	Engbrecht
72200.0	Business Partnership Academy	Neal
72300.0	Transportation: Home to School	Smith
72400.0	Transportation:Special Education (Home to School-Sp ed)	Smith
72650.0	School Improvement Program (SIP)	Deloria
72710.0	California Peer Assistance & Review Program (PAR)	Margulies
72800.0	Beginning Teacher Support & Assessment Study (BTSA)	Margulies
73250.0	Staff Development Principal Training (AB75)	Crunelle
73750.0	Tenth Grade Counseling	Freifeld
73910.0	AB825-School Safety Consol. Compet. Grant.	Guthrie
73930.0	Professional Dev.-Block Grant	Guthrie
73940.0	Supplemental Grant (AB 825)	Guthrie
78100.0	All Other State Income	Guthrie

Procedures for Placing Orders at the Hart District

Pre-approval is required for all purchases. To obtain approval, complete a requisition. The template is available in the Common drive, or from your site secretary. The signature of the funding administrator indicates approval.

Complete the Vendor Name, Address, Fax Number, Phone Number and Date. Put your name as the requisitioner.

Complete the quantity, unit, description, unit cost. The template will calculate the cost extension. Use pricing from the latest catalog or a recent quote from the vendor. Please note that if the item is in excess of $1,000 and is to be purchased from Workforce Investment Act funds, three price quotations must be obtained. Be sure to reflect the discount (if any) on each line item. The template will calculate the total price.

The template automatically calculates the subtotal and the tax. Please note that even if an out-of state vendor does not charge sales tax, the District is required to pay tax directly to the State Board of Equalization. Unless you have a quote for applicable shipping costs estimate the shipping at 10%. The template will calculate the grand total.

Determine the funding source for the items you are purchasing. If you don't know the account number, check with your site secretary or the Accounting Office. Obtain signature approval from your principal if you're at a school site or department head if you're not at a school site.

If the account number is from a restricted resource (see the attached list), send the requisition directly to the administrator in charge of the funding, who will forward the approved requisition to the Accounting Office for account number verification. The Accounting Office will forward the requisition to the Purchasing Assistant.

The Purchasing Assistant will create a Purchase Order in the Peoplesoft System. The Buyer will sign each PO, at which time the Purchasing Assistant will fax the PO to the vendor.

Unless otherwise indicated, the vendor will ship the items to the District Warehouse, and the Warehouse personnel will deliver the item to your site on your designated site delivery day. If you indicate an alternate shipping address, the Purchasing Assistant will indicate your site address on the PO.

When you receive an item, it is imperative that you sign and date the packing slip, indicating the items that you have received, and SEND THE PACKING SLIP TO THE PURCHASING DEPT. The receiving clerk will record the receipt of the goods in the Peoplesoft System.

The invoice will be paid by the Accounts Payable Dept. upon confirmation of the receipt of the goods.

After the PO is faxed to the vendor, a pink copy of the PO is sent to the administrative assistant at your site, who will distribute the PO to the requisitioner. If any questions arise, please contact the Purchasing Dept., and be sure to reference the PO number.

Client Contact Form

Date: _____

Name: _____ **School:** _____

Working(?) If so where _____

Start Date: _____ **Hr. Wage:** _____

How many hours a week? _____

Any problems at work? _____

Grades? _____ **Assignments:** _____

Do you need help with school? _____

Your long term goal: _____

Any changes to long term goal? _____

WIA Work Hours Wavier Request

Name:_____

Job Site:_____

Start Date:_____End Date:_____

Allotted hours_____Additional hours_____

Reason:_____
_____
_____
_____
_____

Approved_____

Denied_____

_____
Ron Rudzinski, Director