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November 8, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
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Supervisor Don Knabe

FROM: Wendy L. Watanabe Wendy L Watanabe by Schneiderman
Auditor-Controller

SUBJECT: **GOODWILL INDUSTRIES OF SOUTHERN CALIFORNIA – EL MONTE – A COMMUNITY AND SENIOR SERVICES' WORKFORCE INVESTMENT ACT PROGRAM CONTRACT SERVICE PROVIDER – CONTRACT COMPLIANCE REVIEW – FISCAL YEAR 2009-10**

We completed a review of Goodwill Industries of Southern California – El Monte (Goodwill – El Monte or Agency), a Community and Senior Services' (CSS) Workforce Investment Act (WIA) provider. The purpose of our review was to determine whether Goodwill – El Monte was providing WIA services as outlined in their County contracts.

The WIA Formula Programs assist individuals in comprehensive training, obtaining employment, retaining their jobs, and increasing their earnings. The WIA American Recovery and Reinvestment Act (ARRA) and Stimulus Programs supplement the WIA Formula Programs. CSS paid Goodwill – El Monte a total of $4,096,352 under three cost-reimbursement contracts for Fiscal Year (FY) 2009-10: $2,537,982 for Formula, $1,533,007 for ARRA, and $25,363 for Stimulus. Goodwill – El Monte serves participants residing in the First and Fifth Supervisorial Districts.

Results of Review

Goodwill – El Monte did not always comply with WIA and County requirements, and billed CSS $52,126 in questioned costs. Specifically, Goodwill – El Monte:

- Did not maintain adequate documentation to support the eligibility for eight (9%) of the 91 participants reviewed, resulting in $12,953 in questioned costs.

  Goodwill - El Monte's attached response indicates that they will repay CSS $12,953.

- Did not accurately report participants' activities on the Job Training Automation (JTA) System as required by WIA Directive LACOD-WIAD08-20 for 25 (28%) of the 91.participants.

  Goodwill - El Monte's attached response indicates that they will ensure staff update the JTA System to accurately report the participants' program activities within the established timeframes.

- Allocated 100% of a $19,992 furniture purchase to the ARRA Adult and ARRA Dislocated Worker Programs, even though other WIA and non-WIA Programs benefited from the purchase.

  Goodwill - El Monte's attached response indicates that, since furniture expenditures would not have been incurred if the ARRA Programs did not exist, they believed it was appropriate to allocate the entire cost of the furniture to the ARRA Adult and Dislocated Worker Programs. However, as indicated in our report, during our physical walk-through of the facility, we noted that the furniture was used by employees and participants of other WIA and non-WIA Programs. As such, Goodwill - El Monte should have allocated the expenditures among all benefited programs. CSS will resolve this disagreement during their resolution process.

- Could not document the allocation of $2,178 in Single Audit cost to CSS.

  Goodwill - El Monte's attached response indicates that the Single Audit costs were allocated based on he amount of each contract reviewed. However, without the details of how the costs were allocated, we could not verify that the Agency appropriately allocated the Single Audit costs.

- Allocated $965 in rent expenditures to the ARRA Youth Program even though the youth do not use the facility.

  Goodwill - El Monte's attached response indicates that they credited the ARRA Youth Program for the $965 in rent expenditure, and reallocated the expenditure to the appropriate programs. However, the documentation the Agency provided showed that they reallocated the rent expenditures between the WIA Formula and ARRA Youth Programs, which is still inaccurate since youth do not use the facility.

- Allocated $788 in meeting and registration expenditures to the WIA Formula Adult and Dislocated Worker Programs, when the meeting also benefited other WIA and ARRA Programs.

  Goodwill - El Monte's attached response indicates that they only allocated the meeting and registration expenditures to the WIA Formula Adult and Dislocated Worker Programs because they believed the event primarily benefited those programs. However, based on the documentation provided to support the expenditures, the meeting also benefited other WIA and ARRA Programs.

- Did not maintain adequate documentation, such as cancelled checks, invoices, participant logs, attendance records, and agreements, to support rent, transportation, equipment, professional services, and Individual Training Account expenditures, totaling $31,114.

  After our review, Goodwill - El Monte provided additional documentation to support $26,430, resulting in remaining questioned costs of $4,684 ($31,114 - $26,430).

- Billed the wrong WIA Program for another WIA Program's expenditures in two instances. Questioned costs totaled $3,612 ($2,240 + $1,372).

  After our review, Goodwill - El Monte credited CSS $1,372, resulting in remaining questioned costs of $2,240 ($3,612 - $1,372).

- Charged the WIA Formula Rapid Response Program for Customized Training expenditures. However, based on the documentation provided, the expenditures were not related to Customized Training, but were related to Business Services activities. According to Agency management, they charged the expenditures to Customized Training since they did not have an account established for Business Services.

  Goodwill - El Monte's attached response indicates that, beginning in May 2011, they will use another account for Business Services expenditures, and will reallocate any costs incurred for the open Rapid Response Programs from Customized Training to the new account.

- Did not adequately monitor all 20 worksites reviewed as required. Specifically, Goodwill – El Monte did not verify whether the worksites had safe and healthy working conditions, or that they complied with the worksite agreements and labor laws as required by the Agency's worksite monitoring policies and procedures.

  Goodwill - El Monte's attached response indicates that they have implemented policies and procedures to ensure that worksites are adequately monitored and results documented.

- Did not submit two (10%) of 20 completed On-Site Visit Reports to CSS within seven days of the date of activity as required by WIA Directive WIARR D09-01.

  Goodwill - El Monte's attached response indicates that the On-Site Visit Reports were submitted to CSS within seven days, and that they gave us documents to support this. However, the documentation showed that one report was submitted on the ninth day, and the other report was never submitted to CSS, which we confirmed with CSS.

- Did not develop and implement WIA ARRA policies and procedures as required by WIA Directives WIA/ARRA A D09-03, ADW D09-04, ADW D09-05, ADW D09-07, and ADW D09-08.

  After our review, Goodwill - El Monte provided the WIA ARRA policies and procedures.

- Could not account for 61 items from their FY 2009-10 inventory listing. In addition, Goodwill - El Monte's inventory listing did not include all the required information, such as the condition of the property, as required by Attachment XV of the County contract.

  Goodwill - El Monte's attached response indicates that the missing items were in storage at Goodwill's Los Angeles location. After our review, Goodwill - El Monte updated their inventory listing to include all the required information.

- Billed CSS $1,912 in unsupported payroll expenditures.

  After our review, Goodwill - El Monte provided revised timecards to support the payroll expenditures.

- Billed CSS $6,186 in repairs, maintenance, and outside services expenditures as indirect costs. Goodwill – El Monte's WIA contract budgets do not include a budget cost category for repairs, maintenance, or outside services.

  Goodwill - El Monte's attached response indicates that they will request CSS to replace the disallowed costs ***with other allowable*** *costs, and repay CSS for the difference.*

- Did not maintain adequate documentation, such as cancelled checks, Individual Training Account (ITA) agreements, or participant logs, to support $3,680 in ITA and supportive services expenditures.

  After our review, Goodwill - El Monte provided the ITA agreement and participant logs to support $3,205 of the $3,680 questioned costs. Goodwill - El Monte

indicated that they credited CSS for the remaining $475 in unsupported expenditures.

- Did not ensure their FY 2008-09 accounting records reconciled to the Agency's final close-out invoices. Questioned costs totaled $1,665.

  After our review, Goodwill - El Monte provided documentation. However, the documentation did not reconcile to the Agency's FY 2008-09 close-out invoices.

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

Review of Report

We discussed our report with Goodwill – El Monte and CSS. Goodwill – El Monte generally concurred with most of our findings and recommendations with some exceptions. CSS management indicated that they will resolve disputed findings and recommendations in accordance with its Resolution Procedures Directive. CSS will request that Goodwill – El Monte provide a Corrective Action Plan, which will address the outstanding findings and questioned costs. CSS staff will review the Corrective Action Plan, and will provide technical assistance on an as-needed basis to address programmatic issues.

We thank Goodwill – El Monte management and staff for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS: DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Douglas H. Barr, President and CEO, Goodwill Southern California
Morgan St. John, Chair, Goodwill Southern Californian
Public Information Office
Audit Committee

GOODWILL INDUSTRIES OF SOUTHERN CALIFORNIA – EL MONTE
WORKFORCE INVESTMENT ACT PROGRAMS
FISCAL YEAR 2009-10
CONTRACT COMPLIANCE REVIEW

ELIGIBILITY

Objective

Determine whether Goodwill Industries of Southern California – El Monte (Goodwill – El Monte) provided services to individuals who met the eligibility requirements of the Workforce Investment Act (WIA) Formula, American Recovery and Reinvestment Act (ARRA), and Stimulus Programs.

Verification

We reviewed the case files for 91 (10%) of the 888 participants (20 Formula Youths, ten ARRA Youths, 20 Formula Adults, 16 ARRA Adults, 13 Formula Dislocated Workers, ten ARRA Dislocated Workers, and two Stimulus Dislocated Workers) who received services from July 2009 through May 2010 for documentation to confirm their eligibility for WIA services.

Results

Goodwill – El Monte did not have appropriate documentation to support the eligibility for eight (9%) of the 91 participants sampled. Questioned costs totaled $12,953. Specifically; Goodwill – El Monte

- Used applicants' statements as the primary source to verify five youth participants' (two Formula and three ARRA) incomes without trying to obtain primary source documentation. WIA Directive ARRA/WIA D09-22 states that applicant statements should only be used after reasonable attempts to obtain source documents have been unsuccessful. Attempts to obtain source documents must be documented in the participants' case files. Goodwill – El Monte billed CSS $7,364 in direct costs for services to the five participants.

- Did not verify that two participants (one Formula youth and one Formula adult) were registered with the Selective Service before enrollment. One participant registered with Selective Service after enrollment, and the other participant's file did not contain documentation of his registration status. WIA Eligibility Technical Assistance Guide (TAG) requires determination of selective service registration status before enrollment in WIA Title I-B funded programs. Goodwill – El Monte billed CSS $5,589 in direct costs for services to these two individuals.

- Did not obtain adequate documentation of one Formula youth participant's right-to-work in the United States as required by the WIA Eligibility TAG. After our review, Goodwill – El Monte, provided additional documentation to support the participant's eligibility.

Similar findings were also noted during the prior year's WIA ARRA Summer Youth Employment Program monitoring review.

The Agency also may have billed CSS for other direct and indirect services (e.g., staff time) for the ineligible individuals noted in this section. Goodwill - El Monte management should determine the total costs for services to the ineligible participants, and repay CSS.

Recommendations

Goodwill – El Monte management:

1. **Repay CSS $12,953, or provide additional documentation to support the participants' eligibility.**

2. **Determine the total costs (direct and indirect) for services to the ineligible participants, and repay CSS.**

3. **Ensure that staff obtain appropriate eligibility documentation from the participants before enrollment.**

BILLED SERVICES/PARTICIPANT VERIFICATION

Objective

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

Verification

We reviewed the documentation in the case files of 91 participants (10% of the total) who received services from July 2009 through May 2010.

Results

Goodwill – El Monte did not always comply with WIA and County contract requirements. Specifically, Goodwill – El Monte:

Youth Programs

- Did not accurately report the participants' program activities on the Job Training Automation (JTA) System, as required by WIA Directive LACOD-WIAD08-20, for ten (33%) of the 30 Youth participants reviewed. The JTA System is used by the State of California Employment Development Department (EDD) and the Department of Labor to track WIA participant activities. We noted a similar issue in the prior year monitoring review.

- Reimbursed one participant $425 for the purchase of a cell phone and accessories without justification as to why the phone was necessary. According to WIA Bulletin YTH01-12, agencies must document that services meet participant needs and are necessary for program participation.

Adult and Dislocated Worker Programs

- Did not accurately report the participants' Program activities on the JTA System for 15 (25%) of the 61 participants sampled. We noted a similar finding in the prior year monitoring review.

- Did not establish Individual Employment Plans (IEP) for three (5%) of the 61 participants sampled. The participants' case files indicated that all three participants received intensive services. However, Section II of the WIA Eligibility TAG requires agencies to document intensive services in the IEP. The IEP is an on-going plan, jointly developed by the participant and the case manager, that identifies the participants' employment goals, achievement objectives, and the services needed to achieve their employment goals.

- Did not register one (2%) of the 61 participants sampled on the EDD's CalJOBS system as required by WIA Directive D-DWA-04-003. CalJOBS is California's internet system linking employers with individuals seeking employment.

Recommendations

Goodwill – El Monte management:

4. **Ensure staff update the Job Training Automation System to accurately reflect participants' Program activities within the established timeframes.**

5. **Ensure the services provided are justified in the participants' case files.**

6. **Ensure staff complete Individual Employment Plans for all participants who receive intensive services.**

7. **Ensure WIA Adults and Dislocated Worker participants are registered on the EDD's CalJOBS system as required.**

CASH/REVENUE

Objective

Determine whether the Agency recorded revenue in their financial records properly, and deposited cash receipts in their bank account timely.

Verification

We interviewed Agency personnel and reviewed their financial records. We also reviewed the Agency's bank activity for February, March, and April 2010.

Results

Goodwill – El Monte recorded revenue properly, and deposited cash receipts timely.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether Goodwill El Monte's Cost Allocation Plan was prepared in compliance with the County contracts, and used to allocate shared expenditures appropriately.

Verification

We reviewed the Cost Allocation Plan, and a sample of expenditures incurred by the Agency in December 2009 and March 2010, to ensure that the expenditures were allocated to the Agency's programs properly.

Results

Goodwill – El Monte's Cost Allocation Plan was prepared in compliance with the County contracts. However, Goodwill – El Monte did not allocate all shared expenditures in accordance with the relative benefits received. As a result, Goodwill - El Monte billed CSS $23,923 in questioned costs. Specifically, Goodwill - El Monte allocated:

- 100% of a $19,992 furniture purchase to the ARRA Adult and ARRA Dislocated Worker Programs, even though other WIA and non-WIA Programs benefited from

the purchase. Goodwill - El Monte indicated that the furniture was only used by employees who only worked on the ARRA Adult and ARRA Dislocated Worker Programs. However, during our physical walkthrough of the facility, we noted that the furniture was being used by employees and participants of other WIA and non-WIA Programs.

- $2,178 in Single Audit cost without documenting how the cost was allocated. After our review, Goodwill - El Monte provided additional documentation to support the $2,178 in audit expenditures. However, the documentation did not adequately support the how the audit cost was allocated.

- $965 in rent expenditures to the ARRA Youth Program, even though the facility was not used by youth. Agency management indicated that they issued a credit to CSS for the rent, and reallocated the rent to the appropriate program. However, the documentation the Agency provided showed that they reallocated the rent expenditures among the Youth Programs, which is still incorrect since the facility was not used for youth services.

- $788 in meeting and registration expenditures to the WIA Formula Adult and Dislocated Worker Programs, when the meeting benefited other WIA and ARRA Programs.

Recommendations

Goodwill – El Monte management:

8. **Reallocate the $23,923 in questioned costs among the benefiting programs, and repay CSS for any excess amounts billed to the WIA Programs.**

9. **Ensure that program expenditures are allocated appropriately among all benefitting programs.**

EXPENDITURES/PROCUREMENT

Objective

Determine whether expenditures charged to the Programs are allowable under the County contracts, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for 65 non-payroll expenditures billed by the Agency for December 2009 and March 2010, totaling $96,094.

Results

Goodwill – El Monte billed CSS $6,924 in unsupported and unallowable expenditures. Specifically, Goodwill – El Monte:

- Did not maintain adequate documentation, such as cancelled checks, invoices, participant logs, attendance records and agreements, to support $31,114 in rent, transportation, equipment, professional services, and Individual Training Account (ITA) expenditures. We noted a similar issue in our prior year monitoring review. After our review, Goodwill - El Monte provided additional documentation to support $26,430 in expenditures, resulting in $4,684 in remaining questioned costs.

- Billed the Stimulus Program $2,240 for the WIA Formula Dislocated Worker-related expenditures, and billed the WIA Formula Youth Program $1,372 for the WIA ARRA Youth-related expenditures. Questioned costs totaled $3,612. We noted a similar finding in our prior year monitoring review. After our review, Goodwill - El Monte credited the WIA Formula Youth Program $1,372, resulting in $2,240 in remaining questioned costs.

- Billed the WIA Formula Rapid Response Program in Business Services expenditures as Customized Training. Based on the documentation provided, the expenditures were not related to Customized Training, but for Business Services activities.

Recommendations

Goodwill – El Monte management:

10. **Repay CSS $6,924 ($4,684 + $2,240), or provide documentation to support the expenditures.**

11. **Maintain adequate documentation to support Program expenditures.**

12. **Ensure that expenditures are charged to the appropriate programs.**

13. **Ensure that expenditures are accurately recorded in the Agency's accounting records.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency had adequate internal controls over its business operations. In addition, determine whether the Agency was 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 areas, such as expenditures, payroll, and personnel.

Results

Goodwill – El Monte did not always comply with WIA and County requirements. Specifically, Goodwill – El Monte did not:

- Adequately monitor the worksites as required. Specifically, for all 20 worksite monitoring reviews sampled, Goodwill – El Monte did not verify whether the worksites maintained safe and healthy working conditions, and that the participants' job duties and working environment complied with the worksite agreements and labor laws, as required by the Agency's worksite monitoring policies and procedures. We noted a similar issue in the prior year WIA ARRA Summer Youth Employment Program monitoring review.

- Submit two completed On-Site Visit Reports to CSS within seven days of the date of activity as required by WIA Directive WIARR D09-01.

- Establish a Quality Assurance Plan that was in compliance with Exhibit A of the County contract. For example, the Agency's Quality Assurance Plan did not include a method of assuring that the staff rendering services met the required qualifications.

- Develop and implement WIA ARRA policies and procedures as required by WIA Directives WIA/ARRA A D09-03, ADW D09-04, ADW D09-05, ADW D09-07, and ADW D09-08. After our review, Goodwill - El Monte provided these policies and procedures. Agency management indicated they had these policies and procedures when we started our review. However, the only employee who had these policies and procedures was out on leave, and the other employees did not have copies of the policies and procedures.

Recommendations

Goodwill – El Monte management:

14. Adequately monitor the worksites and document the results.

15. Ensure that all Rapid Response Reports are submitted within the established timeframes.

16. Ensure that a Quality Assurance Plan is developed and implemented in accordance with the County contract requirements.

17. **Ensure that all staff have access to all required WIA ARRA policies and procedures.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Goodwill – El Monte fixed assets and equipment purchased with WIA funds are used for the WIA Programs and are safeguarded.

Verification

We interviewed Agency personnel, and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory, and reviewed the usage of ten items purchased with WIA funds, totaling $6,220.

Results

Goodwill – El Monte's equipment listing was incomplete, and did not comply with the County contract. Specifically:

- Goodwill - El Monte could not account for 61 items from their FY 2009-10 inventory listing.
- Goodwill - El Monte's inventory listing did not include all the required information, such as the condition of the property, as required by Attachment XV of the County contract. After our review, Goodwill - El Monte updated their inventory listing to include all the required information.

Recommendation

18. **Goodwill - El Monte management ensure that the inventory listing is complete and contains all the required information.**

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the WIA Programs. In addition, determine whether the Agency verified employability, and maintained current driver's licenses and proof of automobile insurance for the employees assigned to the WIA Programs.

Verification

We traced the payroll expenditures invoiced for five employees and five participants, totaling $16,198, for March 2010 to the Agency's payroll records and time reports. We also reviewed the personnel files for five employees assigned to the WIA Programs.

Results

Goodwill – El Monte's personnel files were maintained as required. However, Goodwill - El Monte billed CSS $1,912 in unsupported payroll expenditures. Specifically, four (80%) of the five participants sampled did not sign their timecards as required, and the timecards did not agree with the hours billed to CSS for two (40%) of the five participants sampled. We noted a similar finding in our prior year WIA ARRA Summer Youth Employment Program monitoring review. After our review, Goodwill - El Monte provided signed timecards for the four participants.

Recommendations

Goodwill – El Monte management:

19. **Ensure that timecards are signed by both the employee and supervisor to certify the hours worked.**

20. **Ensure that payroll expenditures are billed based on actual hours worked.**

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's FY 2008-09 final close-out invoices for the WIA Formula Youth, Adult, and Dislocated Worker Programs reconciled to the Agency's accounting records. Goodwill – El Monte did not have WIA ARRA contracts for FY 2008-09.

Verification

We traced Goodwill – El Monte's FY 2008-09 final close-out invoices to the Agency's accounting records. We also reviewed a sample of expenditures incurred in April, May, and June 2009.

Results

Goodwill – El Monte billed CSS $8,326 in questioned costs. Specifically:

- $6,186 in repairs, maintenance, and outside services that were billed as indirect costs. The Agency's FY 2008-09 approved WIA contract budgets did not include cost categories for repairs, maintenance, or outside services.

- Goodwill – El Monte did not maintain adequate documentation, such as cancelled checks, ITA agreements, or participant logs to support $3,680 in ITA and supportive services. After our review, Goodwill - El Monte provided the ITA agreement and participant logs to support $3,205, resulting in $475 in remaining questioned costs.

- Goodwill - El Monte's FY 2008-09 accounting records did not reconcile to the Agency's final close-out invoices. Questioned costs totaled $1,665.

Recommendation

Goodwill – El Monte management:

21. **Repay CSS $8,326 ($6,186 + $475 + $1,665), or provide adequate documentation to support the expenditures.**

22. **Bill CSS for approved expenditures.**

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May 31, 2011

Wendy L. Watanabe
Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa St., 8th Floor
Los Angeles, CA 90071-1102

Dear Ms. Watanabe:

Thank you for your final draft report of the findings related to your department's program, fiscal and administrative review of the Goodwill Southern California ("Goodwill") El Monte WIA contracts with Community and Senior Services (CSS) in June 2010. We appreciate your effort to help us further improve our processes. We have included our responses to your recommendations below:

ELIGIBILITY

Recommendations

Goodwill – El Monte management:

1. **Repay CSS $12,953 or provide additional documentation to support the participants' eligibility.**

   Goodwill Adult customer F. Amaya (app # 1064377, Formula adult) who received $2,500 (supportive services $500, Training $2,000) in direct services was in fact enrolled prior to having selective services verification. Central San Gabriel Worksource Center (SGVWC) has taken action in order to ensure future enrollment of customers meet all required eligibility measure prior to entering to enrollment. Staff training is conducted periodically in order to continuously inform newly hired as well as existing staff of WIA eligibility requirements.

   Goodwill Youth customer P. Rivera (app # 1067277) received $3,089 (stipend $1,715, supportive services $302 and training $1,072) was in fact enrolled prior to having selective services verification. As a result of this finding youth staff has been retrained to ensure that all required eligibility measures are met prior to enrollment into the program. Youth department has also implemented new policy to have Site and Programs Manager review prior to enrollment and receipt of services.

   Goodwill will repay CSS $12,953 for services provided to the ineligible participants.

2. **Determine the total costs (direct and indirect) associated with the services provided to the ineligible participants and repay CSS.**

   Goodwill will determine the total costs (direct and indirect) associated with the services provided to the ineligible participants and repay CSS.

3. **Ensure that staff obtain appropriate documentation from the participants to determine their eligibility for program services prior to enrollment.**

Goodwill will ensure that staff obtains appropriate documentation from the participants to determine their eligibility for the program services prior to enrollment. Goodwill has added supervising staff whose responsibility is ensuring that proper eligibility requirements are met prior to enrollment of participant in to WIA funded program. In order to ensure that current WIA directives and guidelines are being followed, Goodwill holds ongoing meetings/training involving all WIA program staff that includes topics such as eligibility, supportive services, acceptable documentation, etc.

BILLED SERVICES/CLIENT VERIFICATION

Recommendations

Goodwill – El Monte management:

4. **Ensure staff accurately update the Job Training Automation System to accurately reflect the participants' program activities within the established timeframes.**

Goodwill will ensure staff accurately updates the Job Training Automation System to accurately reflect the participants' program activities with the established timeframes. For Goodwill Adult/DW and Youth programs, a new policy has been implemented where supervising staff reviews all file documentation before enrollment and entering participant information into the JTA database. Staff has been retrained to ensure that the proper methods for rendering services are followed. In addition, ongoing round table file reviews are being enforced in order to prevent 90 days no activity, data correction forms are submitted in a timely manner and ensure proper understanding and use of activity codes.

Upon the recommendation noted in the finding for 15 participants enrolled in the Adult/DW programs, MIS correction forms were submitted to CSS requesting that their records be corrected on the JTA system. Staff members of the Central San Gabriel Worksource Center (SGVWC) are currently following up with MIS/JTA support staff in order to resolve these requests for changes. At this time, 4 of 15 records have been modified in JTA system. A tracking system has been implemented in order to follow up on MIS/JTA correction forms submitted to CSS.

5. **Ensure that the provisions of services are justified in the participant case files.**

Goodwill will ensure that the provisions of services are justified in the participant case files. For Goodwill Adult/DW programs, ongoing round table file reviews are being enforced in order to prevent the absence of required documentation in customer files. Goodwill Youth staff have been retrained to ensure that all eligibility documentation is evident before enrollment and to ensure that original documentation is provided in a timely manner for replacement documents such as social security cards. In addition, Goodwill Youth has implemented a new policy where the site and programs manager performs internal audit/review of all pending applicants prior to enrollment.

6. **Ensure staff completes the Individual Employment Plans for all participants that receive intensive services.**

Goodwill will ensure that staff completes the individual employment plans for all participants receiving intensive services. Goodwill has adopted and implemented

procedures in which a supervising staff will review eligibility of completed files and as well as additional file reviews conducted by continuously trained staff prior to entering information in MIS/JTA database.

The Auditor-Controller's Office cited 15 participants whose individual case findings involved issues concerning IEP or supportive services provided to the customers. At this point in time, the staff members of Central San Gabriel Valley Worksource Center are currently working with CSS MIS/JTA Tech support to resolve this issue.

In addition, concerning the finding of 3 participants whose IEP's were not established, a detailed review of the files was conducted in which it was apparent that customers were not provided with intensive services through referrals, supportive services, nor training services. Therefore, they met Core B eligibility. Correction forms were then submitted via email to wiajtatechsupport@css.lacounty.gov, Changes have not been transferred on the JTA system yet, but we continue to follow up with this matter with the assistance of WIA/JTA support staff.

7. **Ensure the WIA Adults and Dislocated Worker participants are registered on the Employment Development Department's CalJOBS system as required.**

   Goodwill will ensure the WIA Adults and Dislocated Worker participants are registered on Employment Development Department's CalJOBS system as required. Focus of current file reviews conducted by supervising staff include the verification of eligibility documents, such as registration of selective services, CalJOBS registration, identification, legal residency, etc.

COST ALLOCATION PLAN

Recommendations

Goodwill – El Monte management:

8. **Reallocate the CSS $23,922 and the remaining Fiscal Year (FY) 2009-2010 shared program expenditures among the benefitting programs and repay CSS for any excess amounts billed to the WIA Programs.**

   Goodwill allocated funds approved by CSS in the Adult/DW ARRA contracts to purchase furniture to accommodate the additional staff and participants necessary to administer these programs. These expenditures would not have been incurred by our organization if the ARRA programs did not exist. As explained to the Auditor-Controller's office during our discussion on April 27, 2011, the furniture was purchased to accommodate the additional staff and participants in the ARRA programs. During the walk-thru, the auditors spoke to San Gabriel Valley Worksource Center (SGVWC) staff that were not familiar with the purchases and based their findings on the perceived location and usage of the furniture. Since ARRA staff and participants were scattered throughout the worksource center, location is not an entirely accurate basis to determine shared costs. In addition, since the review took place in June 2010, some ARRA staff that had used the furniture when purchased in March 2010 had terminated their employment with Goodwill. Goodwill management believes that these costs were allocated correctly and in accordance with OMB A-122 and grant requirements. Since this matter involves County property, Goodwill would like further guidance from CSS to resolve this issue.

   Goodwill billed CSS $2,178 for costs incurred to conduct the A-133 Single Audit. The amount charged was determined by the invoice received from the firm employed to conduct the audit. The amount was determined on a cost per unit (contract reviewed) basis. Given the revenue share of our El Monte CSS contracts is greater

than for other programs, if another cost allocation methodology had been used to determine these costs (i.e. federal revenue received), the amount billed to CSS would have been higher. Since the County benefitted from the cost basis used, Goodwill would like the allocation to remain unchanged.

Goodwill credited the El Monte ARRA Youth Program $965 in rent expenditures and did not reallocate the costs to the WIA and ARRA Youth programs. The documentation to support the repayment is available for CSS' review.

Goodwill allocated meeting and registration expenditures, totaling $788, only to the WIA Formula Adult and Dislocated Worker programs, because it believed the event primarily benefitted those programs. The costs will be reallocated to other programs *that might have possibly benefitted from the event as well.*

For all questioned costs, if necessary, Goodwill will reallocate program expenditures and repay CSS for any excess amounts billed to the WIA Programs.

9. **Ensure that program expenditures are appropriately allocated among all benefitting programs.**

   Goodwill management will ensure that program expenditures are appropriately *allocated among all benefitting programs and continually review policies and procedures to incorporate recommendations for improvement.*

EXPENDITURES/PROCUREMENT

Recommendations

Goodwill – El Monte management:

Refer to Recommendations 8 and 9.

10. **Repay CSS $6,924 (32,726 - $26,430 - $1,372) or provide documentation to support the expenditures.**

    Goodwill has the documentation or credited the program for the $6,924 in unsupported expenditures. Supporting documentation for the costs and credits are available for CSS' review. Goodwill will repay CSS for expenditures determined to be unsupported.

11. **Maintain adequate documentation to support program expenditures.**

    Goodwill does maintain adequate documentation to support program expenditures continually reviews policies and procedures to incorporate recommendations for improvement. Since the Auditor-Controller's office's review, Goodwill has imposed additional requirements (i.e. ITA agreements, participant logs) before approving payment of expenditures.

12. **Ensure that expenditures are charged to the appropriate programs.**

    Goodwill has created an internal JTA database that is updated on a quarterly basis. Expenditures are reviewed to ensure they are billed to the appropriate programs.

13. **Ensure that expenditures are accurately recorded on the Agency's accounting records.**

Goodwill charged business services costs for the Rapid Response programs to an account labeled "Customized Training". Given the description of the purpose of the expenditures, this account appeared to be the most appropriate one available for booking these costs. As a result of the finding, beginning in May 2011, Goodwill will ensure that expenditures are accurately recorded on the Agency's accounting records by using another account for charging "Business Services" expenditures and reallocating any costs incurred for the open Rapid Response programs from "Customized Training" to the new one.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Recommendations

Goodwill – El Monte management:

14. Adequately monitor the worksites and document the results.

Goodwill has implemented policies and procedures to ensure that worksites are adequately monitored and results are documented. Staff has been trained using a tool specifically designed for this purpose, and it is available for CSS review.

15. Ensure that all Rapid Response Reports are submitted within the established timeframes.

Goodwill did ensure that all Rapid Response Reports were submitted within the established timeframes. Upon completion of a Rapid Response Planning Meeting or Orientation Meeting a 121 from is completed and submitted to CSS. Goodwill's Rapid Response documents were submitted to CSS in the allotted time frame of 7 days. (Copies of emails were provided during the Auditor Meeting). We are currently are submitting our required 121 reports in a timely fashion to comply with the 7 day timeframe as required.

16. Ensure that a Quality Assurance Plan is developed and implemented in accordance with the County contract requirements.

The Quality Assurance Plan is being finalized and will be implemented in accordance with the County contract requirements.

17. Ensure that all required WIA ARRA policies and procedures are distributed to staff and implemented.

Goodwill will ensure that all required WIA ARRA policies and procedures are distributed to staff and implemented. Goodwill provided copies of all WIA ARRA policies and procedures implemented at the review meeting and will again go over policies with staff to ensure they are updated on all procedures as they change. In addition, policies will be available in binders for staff to view as deemed necessary.

FIXED ASSETS AND EQUIPMENT

Recommendation

18. Goodwill – El Monte management ensure that the inventory listing is complete and contain all required information.

Goodwill management will ensure that the inventory listing is complete and contain all required information. The missing items that belonged to the El Monte Adult/DW programs in the FY08-09 inventory listing were in storage at Goodwill's Los Angeles location. Goodwill AD/DW provided a copy of the inventory listing that had been

revised and updated and contained all required information at the exit conference meeting. The inventory list is being reviewed by the County and crossed checked to ensure accuracy on a yearly basis.

PAYROLL AND PERSONNEL

Recommendation

Goodwill – El Monte management:

19. Ensure that timecards are signed by both employee and supervisor to certify the hours worked.

Goodwill management will ensure that timecards are signed by both the employee and supervisor to certify the hours worked.

20. Ensure that payroll expenditures are billed based on actual hours worked.

Goodwill has implemented an electronic timesheet system that helps ensure that payroll expenditures are billed based on actual hours worked.

CLOSE-OUT REVIEW

Recommendation

Goodwill management:

21. Repay CSS $8,326 ($11,531 - $3,205) or provide adequate documentation to support the expenditures.

Goodwill did bill CSS $6,186 in Repairs & Maintenance and Outside Services expenditures as Indirect Costs. Although Goodwill's Adult/DW FY 2008-2009 contract did not have a budget line dedicated to those specific costs, they would have been allowable under the "Facilities" line item that was approved. Goodwill would like to replace the disallowed costs with stand-in for Indirect Costs and will repay CSS the difference.

Goodwill does maintain adequate documentation to support program expenditures and continually reviews policies and procedures to incorporate recommendations for improvement. Since the Auditor-Controller's office's review, Goodwill has imposed additional requirements (i.e. ITA agreements, participant logs) before approving payment of expenditures. Goodwill will repay CSS for the $475 in unsupported expenditures.

Subsequent and during the Auditor-Controller's office's review of the El Monte Adult/DW contracts, Goodwill provided documentation that showed that its accounting records reconciled to the Agency's final FY2008-2009 close-out invoices. Therefore, Goodwill management disagrees with the questioned costs that totaled $1,665.

22. Bill CSS for approved expenditures.

Goodwill will bill CSS for approved expenditures and continues to review procedures to ensure that this is the case.

Thank you for all your help. if you have any questions, please feel free to contact Jessie Lemos, Grants and Contracts Manager at (323) 223-1211 x2385.

Sincerely,

Denise Orme

Denise Orme
Controller

CC: Teri Kelsall, V.P. Workforce & Career Development