COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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December 2, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **CITY OF COMPTON – COMPTON CAREERLINK – A COMMUNITY AND SENIOR SERVICES' WORKFORCE INVESTMENT ACT YOUTH PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW – FISCAL YEAR 2010-11**

We completed a review of the City of Compton – Compton CareerLink (Compton CareerLink or Agency), a Community and Senior Services' (CSS) Workforce Investment Act (WIA) Youth Program provider. Our review covered a sample of transactions from Fiscal Year (FY) 2010-11. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 - 21. CSS paid Compton CareerLink $609,567 on a cost-reimbursement basis for FY 2010-11. Compton CareerLink serves participants residing in the Second Supervisorial District.

The purpose of our review was to determine whether Compton CareerLink provided WIA services in compliance with WIA requirements and their County contract.

Results of Review

Compton CareerLink generally maintained adequate controls to ensure that cash was deposited timely, and revenue was recorded properly. However, Compton CareerLink billed CSS $12,597 in questioned costs, and did not always comply with WIA and County contract requirements. Specifically, Compton CareerLink:

- Did not accurately report the participants' completion of training on the Job Training Automation (JTA) System as required by WIA Directive LACOD-WIAD08-20 for two (20%) of the ten participants reviewed.

  After our review, Compton CareerLink updated the JTA System to accurately reflect the two participants' activities.

- Billed CSS $4,900 for unsupported auto allowances paid to two employees.

  Compton CareerLink's attached response indicates that the expenditures are allowable under the employees' Collective Bargaining Unit Memorandum of Agreement (MOA). However, the MOA expired on June 30, 2009, before the current audit period.

- Billed CSS $2,125 ($125 + $2,000) for gift cards that were not given to WIA participants.

  Compton CareerLink's attached response indicates that they will repay CSS the $2,125.

- Did not submit a copy of their FY 2009-10 Single Audit Report to CSS within nine months as required by Office of Management and Budget Circular A-133. The Single Audit Report was due April 1, 2011.

  Compton CareerLink submitted their FY 2009-10 Single Audit Report on August 1, 2011, five months late.

- Billed CSS $5,572 ($3,231 + $2,341) for unsupported and inappropriately allocated expenditures, such as utilities and printing. We noted similar findings in our prior years' monitoring reviews of the Agency.

  Compton CareerLink's attached response indicates that they will repay CSS the $5,572.

- Did not obtain a tuition cap waiver before establishing an Individual Training Account (ITA) in excess of the County's ITA maximum amount, as required by WIA Directive LACOD-WIAD08-09. Compton CareerLink obtained the tuition cap waiver from CSS after establishing the ITA. We noted a similar finding in our prior year's monitoring review of the Agency.

  Compton CareerLink's attached response indicates that they will obtain tuition cap waivers from CSS before establishing ITAs.

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

Review of Report

We discussed our report with Compton CareerLink and CSS. In their attached response, Compton CareerLink generally agreed with our findings and recommendations. As indicated, the Agency has agreed to repay $7,697 ($125 + $2,000 + $5,572) of the $12,597 in questioned costs. CSS management indicated they will resolve the remaining $4,900 in questioned auto allowances with the Agency in accordance with their Resolution Procedures Directive.

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

WLW:JLS:DC:EB:ku

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Kimberly McKenzie, Director, City of Compton – Compton CareerLink
Eric J. Perrodin, Mayor, Chairperson, City of Compton – Compton CareerLink
Public Information Office
Audit Committee

CITY OF COMPTON – COMPTON CAREERLINK
WORKFORCE INVESTMENT ACT PROGRAM
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2010-11

ELIGIBILITY

Objective

Determine whether City of Compton – Compton CareerLink (Compton CareerLink or Agency) provided services to individuals who met the eligibility requirements of the Workforce Investment Act (WIA) Youth Program.

Verification

We reviewed the case files for ten (6%) of 175 participants, who received services from July 2010 through April 2011, for documentation to confirm their eligibility for WIA services.

Results

Compton CareerLink maintained documentation to support the eligibility for the ten participants reviewed.

Recommendation

None.

BILLED SERVICES/PARTICIPANT VERIFICATION

Objective

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

Verification

We reviewed the case files for ten participants who received services from July 2010 through April 2011.

Results

Compton CareerLink did not accurately report the completion of training on the Job Training Automation (JTA) System as required by WIA Directive LACOD-WIAD08-20 for two (20%) of the ten participants reviewed. The State of California Employment

Development Department and the United States Department of Labor use the JTA System to track WIA participant activities. After our review, Compton CareerLink updated the JTA System to accurately reflect the two participants' activities.

Recommendation

1. **Compton CareerLink management ensure staff update the Job Training Automation System to accurately reflect participant completion of training within the established timeframes.**

CASH/REVENUE

Objective

Determine whether the Agency deposited cash receipts timely, and recorded revenue in the Agency's records properly.

Verification

We interviewed Agency personnel, and reviewed the Agency's financial records. We also reviewed the Agency's bank activity for December 2010 and January 2011.

Results

Compton CareerLink deposited cash timely and recorded revenue properly.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether Compton CareerLink's Cost Allocation Plan was prepared in compliance with the County contract, and used to allocate shared expenditures appropriately.

Verification

We reviewed the Agency's Cost Allocation Plan, and a sample of expenditures incurred by the Agency from July 2010 to January 2011, to ensure that the expenditures were allocated among the Agency's programs appropriately.

Results

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

Recommendation

None.

EXPENDITURES/PROCUREMENT

Objective

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

Verification

We interviewed Agency personnel, and reviewed financial records and documentation for seven non-payroll transactions, totaling $12,612, billed by the Agency from July 2010 to January 2011.

Results

Compton CareerLink billed Community and Senior Services (CSS) $5,025 in questioned costs. Specifically, Compton CareerLink billed CSS:

- $4,900 for unsupported auto allowances. The Agency did not maintain appropriate documentation to support the auto allowances paid to two employees. Compton CareerLink indicated that the expenditures were allowable under the employees' Collective Bargaining Unit Memorandum of Agreement (MOA). However, the MOA expired on June 30, 2009. In addition, one of the two employees' personnel files did not contain management approvals for the auto allowance.

- $125 for five gift cards given to non-WIA participants.

Recommendations

Compton CareerLink management:

2. **Repay CSS $4,900, or provide adequate documentation to support the auto allowances.**

3. **Repay CSS $125.**

4. **Maintain adequate documentation to support expenditures.**

5. **Ensure expenditures billed to the WIA Program are for Program-related costs.**

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 program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested expenditure, payroll, and personnel transactions.

Results

Compton CareerLink maintained sufficient internal controls over its business operations. However, Compton CareerLink did not submit a copy of their Fiscal Year (FY) 2009-10 Single Audit Report to CSS within nine months after the FY end as required by Office of Management and Budget Circular A-133. Compton CareerLink submitted their FY 2009-10 Single Audit Report on August 1, 2011, five months late.

Recommendation

6. **Compton CareerLink management submit a copy of their Single Audit Report to CSS within nine months after the end of the fiscal year.**

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were charged to the WIA Program appropriately. In addition, determine whether the Agency obtained criminal background clearances, verified employability, maintained proof of current driver licenses, and maintained proof of automobile insurance for the new employees assigned to the WIA Youth Program.

Verification

We traced the WIA payroll expenditures invoiced for five employees and five participants, totaling $28,165, for December 2010, to the Agency's payroll records and time reports. We also reviewed the personnel file for one employee assigned to the WIA Program.

Results

Compton CareerLink charged payroll expenditures appropriately to the WIA Program as required. In addition, the Agency obtained criminal background clearances, verified employability, maintained proof of current driver licenses, and maintained proof of automobile insurance.

Recommendation

None.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's FY 2009-10 final close-out invoices for the WIA Formula, and American Recovery and Reinvestment Act (ARRA) Adult and Dislocated Worker, and Formula Youth Programs reconciled to the Agency's accounting records.

Verification

We traced Compton CareerLink's final close-out invoices for FY 2009-10 to the Agency's accounting records. We also reviewed a sample of transactions incurred in July 2009, March 2010, and June 2010.

Results

Compton CareerLink's FY 2009-10 final close-out invoices reconciled to the Agency's accounting records. However, the Agency billed CSS $7,572 in questioned costs. Specifically, Compton CareerLink:

- Did not maintain adequate documentation to support $3,231 in printing expenditures. The Agency charged $2,113 to the WIA Formula Youth Program, and $1,118 to the ARRA Dislocated Worker Program. The supporting documents did not identify the program that benefited from the costs. We noted similar findings in our prior four years' monitoring reviews of the Agency.

- Over-billed CSS $2,341 for utility expenditures. We noted a similar finding during our prior year's monitoring review of the Agency.

- Billed CSS $2,000 for gift cards that were not issued to WIA participants in FY 2009-10.

In addition, Compton CareerLink did not obtain a tuition cap waiver from CSS before establishing an Individual Training Account (ITA) in excess of the County's ITA

maximum, as required by WIA Directive LACOD-WIAD08-09. Compton CareerLink obtained the tuition cap waiver from CSS after establishing the ITA. We noted a similar finding during our prior year's monitoring review of the Agency.

Recommendations

Compton CareerLink management:

Refer to Recommendations 4 and 5.

7. **Repay CSS $7,572 ($3,231 + $2,341 + $2,000), or provide adequate documentation to support the expenditures.**

8. **Ensure that expenditures are billed accurately.**

9. **Ensure that tuition cap waivers are obtained from CSS before establishing Individual Training Accounts.**

City of Compton
COMPTON CAREER*LINK* CENTER

(310) 605-3050
Fax. (310) 605-3067

September 14, 2011

Don Chadwick, Division Chief
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071
Attention: Brian Henricks

Dear Mr. Chadwick:

Attached please find the City of Compton CareerLink's Fiscal Year 2009-2010 Contract Compliance Review Corrective Action Plan.

We trust that our responses are satisfactory and we welcome the opportunity to clarify our comments.

Should you have any questions, please contact me at (310) 605-3050, Monday through Friday.

Sincerely,

Kimberly McKenzie, Director
City of Compton CareerLink Center

C: Ruchika Bharadwaj

Attachments

CITY OF COMPTON CAREERLINK CENTER
WORKFORCE INVESTMENT ACT PROGRAM
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2010-2011

CORRECTIVE ACTION PLAN

BILLED SERVICES/PARTICIPANT VERIFICATION

Recommendation #1

Compton CareerLink management ensure staff update the Job Training Automation System to accurately reflect the participants' completion of training within the established timeframes.

City of Compton CareerLink Response
City of Compton CareerLink is agreement and management will ensure that staff updates the JTA system to accurately reflect the participants' completion of training within the established timeframes. The Program manager will review and discuss the procedures with case management staff, as well as, monitor regularly the JTA input status.

EXPENDITURES/PROCUREMENT

Recommendation #2

Repay CSS $4,900 or provide documentation to support the program expenditures

City of Compton CareerLink Response
City of Compton is not in agreement with this recommendation. The expenditure is allowable and documentation was submitted to the Auditor Controller to support its validity. Chief Executive and Executive employees of the City of Compton are granted an auto allowance under the Collective Bargaining Unit Memorandum of Agreement (MOA). Although the MOA had expired on 6/30/2011, the City and Bargaining Unit was in active negotiations. CareerLink management presented a copy of the Auto Allowance section in the MOA along with the latest negotiated correspondence from the City whereby that particular item is discussed.

Recommendation #3

Repay CSS $125.00

City of Compton CareerLink Response
The five gift cards issued were inadvertently issued to participants enrolled in the ARRA program. City of Compton CareerLink is in agreement and will repay CSS $125.00. Management will ensure that the Program Manager reviews the participant supportive service logs regularly to ensure that appropriate supportive services are issued to the covered program participant.

CITY OF COMPTON CAREERLINK CENTER
WORKFORCE INVESTMENT ACT PROGRAM
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2010-2011

CORRECTIVE ACTION PLAN

Recommendation #4

Maintain adequate documentation to support program expenditures.

City of Compton CareerLink Response
City of Compton CareerLink will maintain adequate documentation to support program expenditures. The Program Manager will review and approve supportive services request submitted by case managers to ensure documentation supports expenditures.

Recommendation #5

Ensure expenditures billed to the WIA program are for costs incurred by the program.

City of Compton CareerLink Response
CareerLink will review expenditures monthly, or as needed, with the Controller's Office fiscal staff to ensure expenditures billed to the WIA program are for costs incurred by the program.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Recommendation #6

Compton CareerLink management submit a copy of their Single Audit Report to CSS within nine months after the end of the Fiscal Year.

City of Compton CareerLink Response
City of Compton CareerLink is in agreement, however the Single Audit Report is a function of the City Controller's Office for the entire City of Compton municipal government. In the future, CareerLink will work closely with the City of Compton Controller's Office to ensure submittal of the Single Audit Report to CSS is timely.

CITY OF COMPTON CAREERLINK CENTER
WORKFORCE INVESTMENT ACT PROGRAM
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2010-2011

CORRECTIVE ACTION PLAN

CLOSE-OUT REVIEW

Recommendation #7

Repay CSS $2,000 for gift cards.

City of Compton CareerLink Response
City of Compton CareerLink is in agreement and will repay CSS $2,000 for gift cards not issued to participants during the program year. In the future, CareerLink will make a more thorough projection of expected client activity and will purchase gift cards as needed, to avoid having remaining gift cards on hand.

Recommendation #8

Repay CSS $5,572 ($2,341 + $2,113 + 1,118) or provide documentation to support the expenditures.

City of Compton CareerLink Response
City of Compton CareerLink is in agreement and will repay CSS $2,341 for utility expenditures. In addition, City of Compton CareerLink is in agreement and will repay CSS $2,113 for printing charges to the WIA Youth Program and $1,118 to the ARRA Dislocated Worker program. Reimbursement to CSS occur within 90 days.

Recommendation #9

Ensure that expenditures are accurately billed to CSS.

City of Compton CareerLink Response
City of Compton CareerLink will coordinate with the City of Compton Controller's Office in order to properly document and accurately bill CSS for expenditures incurred. CareerLink's fiscal staff will maintain regular contact with the Controller's fiscal staff to review program expenditures. This will occur during regular meetings either via telephone or electronic communication, as needed.

CITY OF COMPTON CAREERLINK CENTER
WORKFORCE INVESTMENT ACT PROGRAM
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2010-2011

CORRECTIVE ACTION PLAN

Recommendation #10

Ensure that tuition cap waivers are obtained from CSS prior to establishing Individual Training Accounts.

City of Compton CareerLink Response
City of Compton CareerLink is in agreement with the tuition cap waiver policy. **The policy will be reviewed and discussed with case management staff to ensure that waivers are obtained from CSS prior to establishing Individual Training accounts.**