CITY OF SAN ANTONIO
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November 17, 2022

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SUBJECT: Audit Report of Workforce Development Office Train for Jobs San Antonio Program

Mayor and Council Members:

We are pleased to send you the final report of the Workforce Development Office Train for Jobs San Antonio Program. This audit began in February 2022 and concluded with an exit meeting with department management in August 2022. Management's verbatim response is included in Appendix B of the report. The Workforce Development Office management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

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CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR

Audit of Workforce Development Office

Train for Jobs San Antonio Program

Project No. AU22-010

November 17, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Workforce Development Office (WDO), specifically the Train for Jobs San Antonio (TfJSA) program. The focus of this audit was to identify and develop opportunities to strengthen TfJSA program processes that can be used for the newly implemented Ready to Work program. TfJSA is the predecessor and will provide guidance for operations of the Ready to Work program. The audit objective, conclusions, and recommendations follow:

Determine if contract compliance and monitoring is adequate and performance measures are supported.

Workforce Development Office (WDO) contract compliance and monitoring controls were adequate. Program expenditures were properly supported, approved, and paid for by the vendors. Administrative costs were in compliance with contract thresholds. Advanced funding to vendors was adequately monitored to ensure funds were used effectively. In addition, Protected Health Information (PHI) and Personal Identifying Information (PII) were adequately protected and vendors had policies and procedures for maintaining PHI and PII. Finally, customer surveys were performed and feedback is obtained from participants and vendors.

However, controls could be improved in the areas of vendor performance measures, participant eligibility and vendor insurance requirements. Performance measures were being reported to WDO but not adequately supported. Also, ineligible participants were identified and received program services. Finally, vendors did not have adequate insurance coverage to meet contract requirements.

We recommend that WDO:

- Strengthen controls over the monitoring of performance measures by obtaining and reviewing support documentation that supports measures submitted by each vendor.

- Monitor insurance coverage obtained by each vendor to ensure they meet the contract requirements.

WDO Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 7.

Table of Contents

Executive Summary i

Background 1

Audit Scope and Methodology 3

Audit Results and Recommendations 4

A. Performance Measures 4

B. Participant Eligibility 4

C. Certificates of Insurance 5

Appendix A – Staff Acknowledgement 6

Appendix B – Management Response 7

Background

Train for Jobs San Antonio (TfJSA) Program is designed to assist individuals as they prepare for better employment by seeking to build new skills in high-demand career areas. TfJSA provides assistance to those in industries which were hardest hit by the COVID-19 pandemic. TfJSA offers participants High School Equivalency Trainings, Short-term Trainings (up to 12 weeks), Long-term Trainings, and On-the-Job Trainings. TfJSA is the predecessor for the newly created Ready to Work program that began in May 2022 and lessons learned will be used to guide operations of the new program.

TfJSA, which pulls together and scales existing City workforce strategies, seeks to intake participants, provide skills training and career assessments and guide participants to job placements in high demand industries. Participants receive stipends while participating in training programs.

The City of San Antonio partnered with the following community organizations to help facilitate the program; Workforce Solutions Alamo, Alamo Colleges, Project Quest, Restore Education, Family Service, Chrysalis Ministries and SA WORX.

Participants eligible for this Program must be City of San Antonio residents, negatively affected by the COVID-19 pandemic and a resident that is authorized to work in the US. The performance measure goals for this program are for the community organizations to provide participants with the following services:

- Intake, assessments, and referrals to training opportunities
- Case management (wraparound support, career navigation and job placement)
- Short-term and Long-term training
- Job Placement with a job that pays at least $15/hr.

As of October 2022, the performance goals and actuals are as follows in Table 1:

Table 1: Performance Goals for Train for Jobs San Antonio*

Performance Goal	Planned Performance	Actual Performance	% Goal Achieved
Eligible Participants[1]	Up to 10,000	10,403	104%
Participants Enrolled in Training	8,062	5,444	68%
Participants Completed Training	5,973	3,642	61%
Participants Placed in Jobs	2,987	2,199	74%

*Provided by Workforce Development Office

[1] Number of participants who have completed the preliminary intake process.

Table 2 below lists total TfJSA expenditures by service classification as of October 2022:

Table 2: TfJSA Expenditures by Classification through October 2022*			
Expenditure Classification	**Total Budget**	**Total Expensed**	**Balance**
Intake & Assessment	$ 324,320	$289,856	$34,464
Case Management	9,675,764	8,012,916	1,662,848
Short Term Training	5,565,103	4,187,361	1,377,742
Long Term Training	13,504,139	10,756,919	2,747,220
High School Equivalency	1,183,847	1,158,473	25,374
Stipends (HSE, ST & LT)	19,854,135	16,595,054	3,259,081
Place Participants in OJT	810,124	195,691	614,433
Administration Costs	2,764,814	2,491,387	273,427
Subcontractor Costs	130,963	127,524	3,439
Job Placement Services	295,326	295,287	39
Totals:	**$54,108,535**	**$44,110,468**	**9,998,067**

*Provided by Workforce Development Office

Table 3 below lists each community organization the City has partnered with for TfJSA and their respective contract amounts and expenditures as of October 2022:

Table 3: TfJSA Expenditures from Program Inception through October 2022*			
Vendor Name	**Contract Amount**	**Total Expensed**	**Balance**
Project Quest	$15,638,012	$12,839,246	$2,798,766
Workforce Solutions Alamo	14,919,463	12,234,973	$2,684,490
Alamo Colleges	13,492,151	10,947,159	$2,544,992
Restore Education	7,806,285	6,201,870	$1,604,415
Family Service	1,674,738	1,312,823	$361,915
SA WORX	295,325	295,286	$39
Chrysalis Ministries	282,561	279,111	$3,450
Totals:	**$54,108,535**	**$44,110,468**	**$9,998,067**

*Provided by Workforce Development Office

Audit Scope and Methodology

The audit scope was from June 2020 to March 2022. The scope included compliance with Train for Jobs San Antonio (TfJSA) vendor contracts, program processes (enrollment to job placement), performance measures, program funding and expenditures.

The Office of the City Auditor had previously performed an assessment regarding the design of program controls during the infancy stages (Winter 2020/Spring 2021) of the TfJSA program. However, this assessment was limited to reviewing the design of program controls rather than confirming the effectiveness or implementation of those controls.

We interviewed staff from Workforce Development Office compliance and fiscal divisions to gain an understanding of TfJSA operations, including enrollment of participants, performance measure attainment and incurred expenditures by vendors. Testing criteria included each vendor's contract and amendments with the City of San Antonio.

We assessed internal controls relevant to the audit objective. This included a review of expenditures incurred by the vendors to determine if they were accurate and reasonable. In addition, we reviewed performance measure goals for each vendor to determine if they were reported accurately and supported. We reviewed participant eligibility to determine if they were eligible to participate in TfJSA. Finally, we reviewed insurance coverage and controls in place over the PHI and PII data obtained from participants.

We relied on computer-processed data in the 311 System to validate the participants and their residency. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included a review of the addresses located in the 311 system. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

Program expenditures were properly supported, approved and paid for by the vendors. Administrative costs were in compliance with contract thresholds. Advanced funding to vendors was adequately monitored to ensure only funds needed for monthly operations was provided. In addition, Protected Health Information (PHI) and Personal Identifying Information (PII) were adequately protected and vendors had policies and procedures for maintaining PHI and PII. Finally, customer surveys were performed and feedback was obtained from participants and vendors.

A. Performance Measures

Workforce Development Office (WDO) did not adequately monitor vendor performance measures to ensure they were accurate. We reviewed monthly performance measures for each vendor for the months of July 2021, October 2021, and January 2022. Three out of seven vendors could not provide support documentation for their performance measures. Specifically, two could not provide support documentation for all three months tested and one vendor could not provide documentation for the month of July 2021.

The City contract states that while it is expected that each performance measure is met upon program completion, the City will monitor attainment toward outcomes monthly.

Although vendors provided monthly performance measure results to WDO staff, staff did not review support documentation to verify the measures were accurate. As a result, the city cannot ensure the vendors are meeting the TfJSA goals and objectives.

Recommendations

The WDO Executive Director should strengthen controls over the monitoring of performance measures by obtaining and reviewing support documentation that supports measures submitted by each vendor.

B. Participant Eligibility

WDO allowed ineligible participants into the TfJSA program. We identified 43 participants with addresses outside the City of San Antonio city limits. Six of the

43 participants were provided training by vendors in the TfJSA program. After discussions with WDO staff, they acknowledged these six participants should not have been provided training and are going to request funds back from the vendor. The amount requested will be approximately $64,000.

The TfJSA program contract states participants must be City of San Antonio residents to be eligible to receive assistance from TfJSA. Based on discussion with WDO staff, this occurred because vendors used various mapping tools when verifying participant addresses. However, WDO is addressing the mapping issue for the new Ready to Work program and will have verbiage in the contract regarding which map all vendors will use to determine and verify residency.

Recommendation

The Audit Office provides no recommendation as WDO has already addressed the cause in the new Ready for Work Program contract and is seeking reimbursement for the ineligible costs.

C. Certificates of Insurance

TfJSA vendors did not have adequate insurance coverage as required by the contract. We identified four of seven vendors did not have the required minimum amount of insurance coverage. Specifically, two vendors did not have Professional Liability coverage and two vendors did not have third party crime coverage as required. Finally, one vendor did not have the City listed as an additional insured.

The TfJSA contracts state vendors shall obtain and maintain insurance coverage written on an occurrence basis for an amount not less than those approved by the City.

WDO staff did not monitor the insurance coverage obtained by the vendors to ensure they were adequate. As a result, inadequate liability insurance coverage increases the potential financial risk to the City.

Recommendation

The WDO Executive Director should monitor insurance coverage obtained by each vendor to ensure they meet the contract requirements.

Appendix A – Staff Acknowledgement

Gabe Trevino, CISA, Audit Manager
Daniel Zuniga, CPA, CIA, Auditor in Charge
Loretta Faxlanger, Auditor

Appendix B – Management Response

CITY OF SAN ANTONIO
SAN ANTONIO TEXAS 78283-3966

September 27, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for Audit of Workforce Development Office Train for Jobs San Antonio Program

Workforce Development Office has reviewed the audit report and has developed the Corrective Action Plan below corresponding to the report recommendation.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	**Performance Measures** The WDO Executive Director should strengthen controls over the monitoring of performance measures by obtaining and reviewing support documentation that supports measures submitted by each vendor.	4	Accept	Lori Zamora, Contracts Manager	10/15/2022
	Action plan: WDO acknowledges it was unable to fully show corresponding evidence of performance measures in the months audited for three partners. Due to time constraints from partners in gathering evidence and conflicting guidance given by prior workforce staff, Partners were unable to provide evidence in the months audited. To ensure WDO can validate all performance measures for TFJSA and each of its other programs, it has produced written documentation to provide to Contractors that outlines the necessity and requirement for tracking evidence for performance measures achieved in relation to its executed contract. Mid-year program reviews will also include sampling of each Contractor to confirm measures are correctly reported and validated. Anticipated completion 10/15/2022.				

Appendix B – Management Response

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
2	**Certificates of Insurance** The WDO Executive Director should monitor insurance coverage obtained by each vendor to ensure they meet the contract requirements.	5	Accept	Lori Zamora, Contracts Manager	9/15/2022
	Action plan: WDO will ensure Partner agencies submit insurance documents at contract creation and insurance renewal timeframes. WDO will review insurance documents and provide guidance to Partners on contract insurance requirements to ensure all are continuously met during contract execution. WDO at this time has completed this task and all insurance requirements for the TFJSA program are current. WDO has also implemented this in its other programs and have all up-to-date and verified requirements.				

We are committed to addressing the recommendation in the audit report and the plan of action presented above.

Sincerely,

MKR

Mike Ramsey
Executive Director
Workforce Development Office

9-28-22
Date

Alex Lopez
Assistant City Manager
City Manager's Office

9/28/2022
Date