



OFFICE OF THE CITY AUDITOR

September 21, 2026

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SUBJECT: Audit Report of Workforce Development Office Ready to Work Program

Mayor and Council Members:

We are pleased to send you the final report of the Workforce Development Office Ready to Work Program. This audit began in May 2025 and concluded with an exit meeting with department management in July 2026. Management's verbatim response is included in Appendix C of the report. WDO 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,

Buddy Vargas, CPA, CIA, CFE
City Auditor
City of San Antonio

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**CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR**

WORKFORCE DEVELOPMENT OFFICE
AUDIT OF THE READY TO WORK PROGRAM
PROJECT NO. AU25-036
SEPTEMBER 21, 2026

BUDDY VARGAS, CPA, CIA, CFE
CITY AUDITOR



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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 Ready to Work (RTW) program. The audit objective, conclusions, and recommendations follow:

Determine if Ready to Work contracts are monitored and in compliance with key terms. Focus will be on newly added components of the Ready to Work Program.

The Workforce Development Office (WDO) has effective controls in place for monitoring the prime agencies of the RTW program to ensure compliance with their contracts, including participant eligibility, providing required services, and meeting Small Business Economic Development Advocacy (SBEDA) goals. In addition, WDO has sufficient procedures for monitoring the employers of the On-the-Job Training (OJT) and Incumbent Worker Training (IWT) programs to ensure compliance with providing required services and meeting reimbursement limits for expenses.

Furthermore, WDO has effective controls to ensure prime agency and employer invoices are accurate, and contractual insurance requirements are met. Lastly, WDO has sufficient procedures for supporting the continuous enhancement of the RTW program.

However, we identified areas where controls could be improved regarding policies and procedures. Those areas include the review of OJT/IWT trainees as full-time, W-2 employees, performance measures, and user access.

We provided recommendations to management to strengthen controls and resolve identified issues. WDO management agreed with our recommendations and has developed positive action plans to address them. Management's verbatim response is in Appendix C on page 11.

Background

The Ready to Work (RTW) Program is an education and job placement program funded by a 1/8-cent sales tax from San Antonio citizens and was approved in November 2020. Local employers support and guide participants by providing quality jobs. Additionally, the City of San Antonio (COSA) has partnered with local businesses to facilitate RTW participants access to direct On-the-Job Training (OTJ) and Incumbent Workers Training (IWT).

Participant eligibility for RTW includes COSA residency, at least 18 years of age, and a household income of less than 250% the federal poverty guidelines. Military residents of Bexar County are also eligible for the RTW program. Participants may be placed in an approved job with local employers, including participating OJT or IWT employers. If provided with an approved job through a participating OJT or IWT employer, program participants are provided with the necessary support and training services to advance a trainee's career. RTW offers participants essential support services to help ensure their success within the program. For a list of services, in Appendix A see the Table 2.

The Workforce Development Office (WDO) partnered with the following prime agencies to achieve the RTW goals: Workforce Solutions Alamo, Alamo Colleges District, Project Quest, and Restore Education. In addition, WDO partnered with 23 OJT employers and 21 IWT employers within the City during Year 1 of the OJT and IWT program. WDO has also partnered with SA Talent to assist with employer engagement and with Creative Noggin to conduct and monitor program outreach. However, the contract with Creative Noggin ended in April 2025, and the City was soliciting a new outreach program contractor. Table 1 below lists the respective contract amounts and expenditures through July 1, 2025:

Table 1: RTW Program Expenditures Through July 1, 2025

Vendor Name	Contract Amount	Total Expensed	Balance
Workforce Solutions Alamo	\$105,781,953	\$31,635,089	\$74,146,864
Alamo Colleges District	\$51,036,916	\$18,053,565	\$32,983,351
Project Quest	\$27,357,733	\$10,194,213	\$17,163,520
Restore Education	\$5,306,540	\$2,748,743	\$2,557,796
OJT Employers (Summary)	\$1,862,940	\$743,355	\$1,119,585
IWT Employers (Summary)	\$1,122,630	\$336,199	\$786,431
Total	\$192,468,712	\$63,711,164	\$128,757,547

Source: Contracts & SAP

As of July 2025, the RTW, OJT, and IWT programs have assisted the following participants:

- 20,684 applicants interviewed
- 12,310 participants enrolled in training
- 2,865 participants placed in quality jobs
- 218 participants trained within OJT
- 298 participants trained within IWT

Audit of the Workforce Development Office
Ready to Work Program

The RTW program is overseen by the WDO Compliance Team. This team is comprised of 2 Compliance Lead Analysts who monitor the prime agencies and 2 Compliance Lead Analysts who monitor the OJT and IWT employers.

WDO has established a partnership with the Alamo Area Community Network (AACN) to access the SYNC platform. SYNC is a tool that enables secure data-sharing between multiple agencies and is used by the prime agencies to document participants' progress. In addition, the AACN team manages user access to SYNC and completes a periodic review of users to determine if access is required after 60 days of no activity.

The WDO Compliance team monitors the performance of the prime agencies to verify performance measure targets are being met by conducting monthly meetings and reviewing monthly reports generated in SYNC. Additionally, the WDO fiscal team handles the review and processing of all invoices and payments from prime agencies and employers.

Audit Scope and Methodology

The audit scope was from July 2024 through April 2026. The scope included the Ready to Work (RTW) contracts, OJT/IWT contracts, program funding and expenditures, performance measures, program monitoring efforts, and user access.

To gain an understanding of the RTW, OJT, and IWT programs and departments operations, we interviewed WDO personnel. We also performed walkthroughs of contract compliance, fiscal processes, performance measures, and system access controls. Our primary criteria included prime agency, OJT, and IWT contracts and amendments. We also assessed internal controls relevant to the audit objective. This included a review of RTW policies and procedures and the program funding guide.

As part of our testing procedures, we tested participants in the RTW program and trainees in the OJT/IWT programs to verify they were eligible to participate in the programs. We reviewed quarterly reports prepared by the prime agencies to confirm they contained updates on deliverables and services provided and were submitted to WDO timely. Additionally, we reviewed performance measure tracking documentation prepared by WDO for each prime agency to determine if goals were monitored and met. Also, using the City Contract Management System (CCMS), we obtained the payments made by the prime agencies to subcontractors, and we reviewed the percentage of payments made to Small Business Economic Development Advocacy (SBEDA) certified subcontractors to determine if prime agencies were meeting, or were on-track to meet, the SBEDA goals outlined in their contracts.

Moreover, we reviewed standard operating procedures (SOPs), training records, and expense reports to verify prime agencies and employers were providing services in accordance with the defined scope. Furthermore, we reviewed prime agency and employer invoices to confirm reimbursements were allowable, properly supported, and approved. Lastly, we examined certificates of insurance (COIs) to confirm prime agencies and employers are meeting contractual requirements.

We relied on computer-processed data in the SYNC to validate the performance measures. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. 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

The Workforce Development Office (WDO) is effectively monitoring the prime agencies of the Ready to Work (RTW) program to ensure compliance with contractual requirements. Intake participants in the RTW program are meeting eligibility requirements. We reviewed intake documentation for a sample of 40 participants from October 2024 through July 2025 and determined all 40 participants met the eligibility requirements to participate in the program. Additionally, prime agencies are providing updates to WDO on their contractually required deliverables and services provided. We reviewed a total of 4 Quarterly Reports (April – June 2025) submitted by prime agencies and confirmed the reports contained the required information and were submitted to WDO timely. Furthermore, prime agencies are meeting, or are on-track to meet, the Small Business Economic Development Advocacy (SBEDA) goals outlined in their contracts. Of the payments made by the prime agencies to subcontractors, we reviewed the percentage of payments made to SBEDA certified subcontractors and determined prime agencies were in compliance with SBEDA goals.

WDO is sufficiently monitoring the employers of the On-the-Job Training (OJT) and Incumbent Worker Training (IWT) programs to ensure compliance with contractual requirements. Pledged employers in these programs have been properly authorized to participate. We reviewed contracts for 44 employers for Year 1 of the program and 103 employers for Year 2. We confirmed contracts were executed for all 44 employers for Year 1, and contracts were executed, or being negotiated, for all 103 employers for Year 2.

Prime agencies in the RTW program and employers in the OJT/IWT program are providing services in accordance with the defined scope of their contracts. We reviewed the standard operating procedures (SOPs) for each prime agency. We determined the SOPs complied with the scope of services for contractual required tasks such as providing continuous training and tracking participant progress. Also, we reviewed training records and expense reports for a sample of 20 employers. We verified the maximum number of trainees participating and the total reimbursement limits were not exceeded as stated in the contracts.

Furthermore, WDO is appropriately reviewing prime agency and employer invoices. We reviewed 11 prime agency intake and case management invoices totaling \$2,180,385, 118 prime agency tuition and emergency reimbursement invoices totaling \$164,469, and 47 employer OJT/IWT expense reimbursement invoices totaling \$474,201. We confirmed these expenses were allowable, properly supported, and approved.

WDO is sufficiently monitoring the insurance coverage for the prime agencies and OJT/IWT employers. We reviewed the certificates of insurance (COIs) for the 4 prime agencies and a sample of 20 employers and confirmed they are meeting the contractual requirements.

Lastly, WDO, in collaboration with the Advisory Board, are effectively supporting the enhancement of the RTW program. We reviewed the meeting minutes for 3 Advisory Board meetings (May, July, and September 2025). We verified the meetings were periodically held, and recommendations made by the Advisory Board were implemented by WDO. Finally, we also

examined 22 program complaints and determined that WDO addressed these complaints in a timely manner.

However, we identified other areas where controls could be improved involving policies and procedures.

A. OJT/IWT Full-Time, W-2 Employees

WDO is not monitoring trainee employees in the OJT/IWT programs to verify they are meeting the contractual requirement of being full-time, W-2 employees. We reviewed payroll records for 103 OJT/IWT trainees. We were not able to verify the full-time employment status for 13 trainees due to a lack of documentation.

The OJT Service Agreement requires trainees to be employed by the same RTW employer for less than six months and to be full-time, W-2 employees to qualify for WDO to reimburse training expenses. Additionally, the IWT Service Agreement requires trainees to be employed by the same RTW employer for more than six months and to be full-time, W-2 employees to qualify for WDO to reimburse training related costs.

The current department standard operating procedures do not include monitoring controls to verify trainee employees are full-time, W-2 employees, which is a requirement to participate in the OJT/IWT programs. A lack of procedures may result in non-qualifying trainees participating in the OJT/IWT programs, and contractors may be inappropriately reimbursed for expenses resulting in a financial loss to the City.

Recommendation

The WDO Director review current SOPs and establish monitoring controls to verify trainees in the OJT/IWT program meet contractual requirements.

B. Performance Measure

WDO is not monitoring 1 of the 8 prime agencies' performance measures. We reviewed 7 SYNC reports for each of the 4 prime agencies as of June 30, 2025, and the monthly presentations provided to the prime agencies for July 2025. While we determined the data for 7 performance measures were accurate, we did not obtain support to confirm that WDO is monitoring and reporting the 8th performance measure. The 8th performance measure tracks the number of participants who retained employment for over a year after being placed in a quality job.

Each prime agency contract includes a scorecard that establishes the performance measure targets. The department has insufficient procedures for verifying that the prime agencies are in compliance with all performance measure targets. WDO implemented a new reporting practice in July 2026 to report the 8th performance measure during its monthly prime agency and advisory board meetings.

A lack of verification may result in incomplete or inaccurate performance measure results, limiting its ability for evaluating program effectiveness and supporting management decision-making.

Recommendation

The WDO Director revise existing procedures for verifying the prime agencies are in compliance with all performance measure targets. Additionally, establish controls to ensure these procedures are executed as intended.

C. SYNC User Access

Although access to SYNC was appropriate for all 36 City of San Antonio (COSA) users, access was inappropriate for 3 non-COSA users. We reviewed user access for a sample of 30 non-COSA users and determined that 2 users did not require access to SYNC and 1 user did not meet the minimum training requirements prior to gaining access to SYNC. Lastly, we reviewed user access for 13 users identified as inactive for 60 days and determined that 4 users were not properly deactivated.

Per Administrative Directive 7.8d - User Access Requirements, the City is required to implement, access, and apply security controls to protect sensitive and regulated data. In addition, the SYNC User Management Manual requires users to complete the Terms of Use agreement and HIPAA training before being granted access to the system.

WDO does not have policies and procedures for periodically reviewing the user access review completed by the Alamo Area Community Network (AACN). In addition, WDO has not established procedures requiring prime agencies to notify the AACN within a specified timeframe of an employee's separation or change in job responsibilities that eliminates the need for SYNC access. If user access to the SYNC system is not appropriately maintained this may result in inappropriate access to personally identifiable information (PII).

Recommendation

The WDO director establish policies and procedures for periodically reviewing the user access review completed by the Alamo Area Community Network (AACN). Additionally, establish procedures requiring prime agencies to notify the AACN within a specified timeframe of an employee's separation or change in job responsibilities that eliminates the need for SYNC access.

Appendix A – Supplementary Information

Table 2: Services Offered by the RTW Program

Services Offered	Description
Intake and Initial Assessment*	Participants are interviewed to determine program eligibility and to make a preliminary assessment of participant barriers to assist with next steps.
Case Management*	Participants undergo comprehensive assessments to ensure an understanding of the program benefits, limitations, and expectations. Additionally, participants are provided with a career plan and enrolled in a training program.
Tuition Reimbursement*	Participants may receive tuition for approved training and educational programs aligned with RTW Target Industries and Target Occupations. Eligible programs include certificates, associate degrees, and bachelor's degrees.
Emergency Funding*	Participants may receive emergency financial assistance, up to \$1,500, to assist in the removal of roadblocks to education, training, job placement, and job retention. Eligible costs include housing, daycare, food, job verification fees, etc.
On the Job Training (OJT)**	Employers that hire RTW participants (trainees) who have been employed for less than 6 months may receive up to \$10,000 per employee for training expenses.
Incumbent Workers Training (IWT)***	Employers that hire RTW participants (trainees) who have been employed for more than 6 months may receive up to \$5,000 per employee for expenses such as tuition, training, and curriculum development.

Sources: *San Antonio Ready to Work Funding Guide; **OJT Contract; ***IWT Contract

Appendix B – Staff Acknowledgement

Michael Gutierrez, CFE, Audit Manager
Kaycie Requejo, Auditor in Charge
Sabrina Saldaña, Auditor in Charge
Carlos Delgado, Auditor

Appendix C – Management Response



OFFICE OF THE CITY AUDITOR

July 30, 2026

Buddy Vargas, CPA, CIA, CFE
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of Workforce Development Office (WDO)
Ready to Work program

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

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	OJT/IWT Full-Time, W-2 Employees The WDO Director review current SOPs and establish monitoring controls to verify trainees in the OJT/IWT program meet contractual requirements.	7	Accept	Michael Sindon, Workforce Administrator	August 2026
Action plan: OJT Program: WDO has historically monitored trainee employees to verify they are meeting the contractual requirements of being full-time, W-2 employees. This is evident through the audit results that validate all OJT trainees were eligible and meeting all contractual requirements. In response to the finding, WDO has strengthened existing OJT program SOPs to state the acceptable documentation for validating trainee full-time status, which was being obtained, just not codified in the SOP. IWT Program: WDO has strengthened existing IWT program SOPs to state acceptable documentation for validating trainee full-time, W2 status. WDO can affirm that it is now consistently monitoring trainee employees to verify they are meeting the contractual requirements of being full-time, W-2 employees. While 13 trainees were identified by the City Auditor's Office as having a lack of documentation prior to SOP revisions, all documentation is now obtained for all 13 trainees previously out of compliance validating each was a full-time, W-2 employee at the time services were delivered.					

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
B	Performance Measure The WDO Director revise existing procedures for verifying the prime agencies are in compliance with all performance measure targets. Additionally, establish controls to ensure these procedures are executed as intended.	7	Accept	Michael Sindon, Workforce Administrator	July 2026
Action plan: WDO is monitoring 8 of 8 prime agencies' performance measures. The recommendation pertains to 1 of the 8 performance measures, which is the quality job retention metric; however, WDO has a report to monitor this performance measure, and it was historically reviewed among WDO staff. In response to the finding, WDO revised existing compliance procedures to communicate attainment of this performance measure during the monthly prime partner one-on-one meetings, along with the other performance metrics which were already standard procedure. WDO has already included it on presentation materials provided to Ready to Work prime partners during July 2026 monthly compliance meetings and advisory board members during the July 2026 meeting.					
C	SYNC User Access The WDO director establish policies and procedures for periodically reviewing the user access review completed by the Alamo Area Community Network (AACN). Additionally, establish procedures requiring prime agencies to notify the AACN within a specified timeframe of an employee's separation or change in job responsibilities that eliminates the need for SYNC access.	8	Accept	Lori Zamora, Assistant to the Director	August 2026

Audit of the Workforce Development Office
Ready to Work Program

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<u>Action plan:</u> In response to the finding, for periodic user access review, WDO has established an SOP and monthly report to evaluate log in activity for system users to properly control SYNC access. Upon notification from AACN that a user has not logged into the system for 30 days, WDO follows up with all individuals listed to validate their status within another 30-day window or the individual will be terminated from system access. The process accounts for both WDO staff and prime agencies' staff. For employee separation or change in job responsibilities, WDO has established an SOP to notify prime agencies on a monthly basis of contractual requirements regarding SYNC user access, with a call to action that any stated staff changes be relayed to WDO within one (1) business day. All seven (7) SYNC users identified as having improper system access have either been deactivated or have been trained to respond and improve log in activity when appearing on inactivity reports to retain proper access.				

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

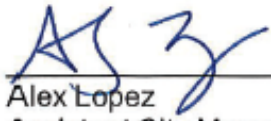
Sincerely,



Michael Ramsey
Executive Director
Workforce Development Office

8-26-2026

Date



Alex Lopez
Assistant City Manager
City Manager's Office

8/26/2026

Date