



CITY OF ATLANTA
City Auditor's Office
Amanda Noble, City Auditor
404.330.6750

March 2020

Performance Audit:

WorkSource Atlanta

What We Found

WorkSource Atlanta does not track grant-related expenses in real time; 17% of total transactions were adjustments to move money among accounts. We identified \$308,582 in adjustments made more than three years after the expenses were incurred. Most transactions recorded in Oracle lacked information to identify the vendors and service providers who received the payments after being processed through batch requests. Without this information, fraudulent transactions may go undetected. From FY15 through FY18, the agency overreported grant expenses in state closeout reports by more than half a million dollars and overspent by a small amount on a handful of grants. Reported amounts included expenses that were incurred beyond the grant award period, which is not allowed by federal grant guidelines.

WorkSource is at risk of losing \$4 million under the TechHire grant—the agency is waiting for federal authorization to resume spending the funds. Another \$200,000 from all fiscal year 2019 grants funding is subject to recapture by the state if not spent.

The agency has met most individual performance targets but fell short on those for youth grants. Also, the number of participants has fluctuated over the past six years. Also, state monitoring reports indicate risks throughout WorkSource's program, compliance, and financial operations. WorkSource Atlanta received over 50 state audit findings in its five most recent monitoring reviews covering grant program years 2013 through 2017. The state's workforce development office monitors the effectiveness of the workforce development system by conducting annual onsite monitoring of each local workforce development area to ensure adherence to federal and state regulations.

Leadership instability may have created challenges in meeting performance targets. WorkSource Atlanta has had six executive directors over the past six years, and the agency's oversight board has not met regularly since February 2018.

Why We Did This Audit

We undertook this audit upon request of City Council. Our last audit of the agency was in January 2013. The city recently returned unused federal funds because WorkSource Atlanta failed to use the money before the grant deadline. This audit reviews changes in the agency since our last audit, including program participation levels, grant expenditures, and agency leadership changes.

What We Recommended

To reduce the risk of grant recapture and ensure compliance with grant requirements, WorkSource Atlanta's executive director should:

- plan and monitor grant expenses in real time and limit adjustments
- ensure expenses are recorded timely in the general ledger
- ensure reports to the state are based on actual expenses, limiting the need for adjustments
- establish a process to capture supplier and vendor information in corrected transaction entries
- ensure segregation of duties for reimbursement review and approval
- develop quarterly budgets to help track expenses
- monitor spending rates and provide periodic reports to the chief operating officer
- conduct periodic desktop and on-site reviews of service partners
- remediate state audit findings
- develop an overall service strategy, including usage of the mobile unit, to use funds and ensure grant compliance
- obtain guidance from the Department of Finance on a consistent naming convention to track expenses in Oracle

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: We recommend that WorkSource Atlanta's executive director strategically plan and monitor grant expenditures in real time based on the date expenses are incurred or services are rendered and make adjustments only when needed to correct financial records.

Response & Proposed Action: There are factors, such as delays in grant awards being recognized or invoices being processed, that will continue to require accounting adjustments to maximize grant utilization or to meet financial obligations. However, the WorkSource Atlanta Director of Finance will work with the Finance Grants Accounting Manager and Accounts Payable Supervisor to review the controls and policies related to planning and monitoring grant expenditures

Agree

Timeframe: N/A

Recommendation #2: We recommend that WorkSource Atlanta's executive director ensure that expenditures are recorded in the city's general ledger within the correct period.

Response & Proposed Action: The WorkSource Atlanta Director of Finance will work with the Finance Grants Accounting Manager and Accounts Payable Supervisor review the current controls and procedures related to recording expenditures and update as needed.

Agree

Timeframe: N/A

Recommendation #3: We recommend that WorkSource Atlanta's executive director ensure that monthly and closeout reporting to the state is based on actual expenditures, limiting the need for later adjustments in the city's financial system.

Response & Proposed Action: There are factors, such as delays in invoices being processed, that will continue to require accounting adjustments. However, the WorkSource Atlanta Director of Finance will work with the Finance Grants Accounting Manager and Accounts Payable Supervisor to review the controls and policies related to close out reporting to the state.

Agree

Timeframe: N/A

Recommendation #4: We recommend that WorkSource Atlanta’s executive director establish a process to capture supplier and vendor information for all corrected entries to transactions.

Response & Proposed Action: Within the new Oracle Cloud accounting system, corrected entries related to suppliers and vendors can be traced. **Agree**

Timeframe: N/A

Recommendation #5: We recommend that WorkSource Atlanta’s executive director ensure that at least two different individuals prepare, review, and approve documentation prior to submitting reimbursement requests to grantors.

Response & Proposed Action: The WorkSource Atlanta Director of Finance will work with the Finance Grants Accounting Manager to review the current controls and procedures related to preparing, reviewing, and approving documentation prior to submitting reimbursement requests and update as needed. **Agree**

Timeframe: N/A

Recommendation #6: We recommend that WorkSource Atlanta’s executive director develop quarterly budgets to assist with tracking expenditures to reach targeted goals.

Response & Proposed Action: The WorkSource Atlanta Executive Director and Director of Finance will continue the practice put in place last year and update relevant policies to track and report budget to actual costs monthly to targeted program financial goals. **Agree**

Timeframe: N/A

Recommendation #7: We recommend that WorkSource Atlanta’s executive director monitor grant spending rates and provide timely and periodic reports to the chief operating officer and create reports that flag spending that is below quarterly budgeted rates.

Response & Proposed Action: The WorkSource Atlanta Executive Director and Director of Finance will continue the practice put in place last year and update relevant policies to track and report budget to actual costs monthly to targeted program financial goals. Providing these reports to the Chief Operating Officer and Deputy Chief Operating Officer. **Agree**

Timeframe: N/A

Recommendation #8:	We recommend that WorkSource Atlanta’s executive director conduct monthly desktop reviews and quarterly on-site reviews to ensure that WorkSource partners are providing services according to agreements and grant requirements.	
Response & Proposed Action:	As part of WSA’s Program Year (PY) 2018 monitoring report, the Technical College System of Georgia, Office of Workforce Development (OWD) found that WSA needed to develop a sub-recipient monitoring policy and compliance tools. Said policy and tools were drafted and submitted to OWD for review. OWD gave approval of the policy/tools in November 2019 and the WSA Board subsequently approved them at its December 3, 2019 meeting. OWD will provide subrecipient monitoring training to WSA staff. Once this has been completed, WSA staff will conduct monitoring of its two subrecipients.	Agree
Timeframe:	March 2020	
Recommendation #9:	We recommend that WorkSource Atlanta’s executive director implement all outstanding state monitoring findings.	
Response & Proposed Action:	Program Year (PY) 2018 monitoring findings are on track for closure before the end of PY 2019. The executive director provides bi-weekly status reports to OWD. These reports are detailed dashboards that illustrate progress being made towards the resolution of all findings. Monitorings are conducted in the fall of each year. It is the commitment of the executive director to resolve all findings before the end of each program year.	Agree
Timeframe:	November 2019	
Recommendation #10:	We recommend that WorkSource Atlanta’s executive director develop an overall strategy to use grant funds to provide services to the city’s residents and ensure that controls are in place to facilitate compliance with grant requirements.	
Response & Proposed Action:	WSA’s strategic goals are set and voted on by the Board and are executed in partnership (as is required by USDOL and OWD) with the other Local Workforce Boards in Region 3 (WorkSource Atlanta, Atlanta Regional, Cobb, DeKalb, and Fulton). Local and Regional Plans are approved bi-annually by all five Boards and signed by each CLEO, including the Mayor of Atlanta. In addition, the State Workforce Development Board and the Governor develop a Statewide Unified Plan that is submitted to USDOL on the same schedule as Local and Regional Plans. Local and Regional Plans must incorporate the initiatives and vision set forth in the Unified Plan. The State will submit its 2020 Unified Plan to USDOL in April, local and regional plans will follow in July.	Agree
Timeframe:	July 2020	

Recommendation #11:	We recommend that WorkSource Atlanta's executive director develop a strategy to effectively use the mobile unit to increase outreach efforts.	
Response & Proposed Action:	<p>Update the mobile unit request form and provide to Council Members, Commissioners, NPU leaders, and other strategic partners to have the unit</p> <p>In September 2018 our Mobile Unit was involved in an accident. Due to the nature of the accident as well as the design of the art wrap of the unit, the vehicle was completely stripped for repairs. Our unit was out of service until late summer/ early fall of 2019. We have reviewed our mobile unit request form and will distribute the updated for to each council member, Commissioner, NPU leaders, and other strategic partners to request the mobile unit at their events or neighborhood programs.</p>	Agree
Timeframe:	Complete	
Recommendation #12:	We recommend that the Department of Finance's grants management director provide guidance to city departments to use a consistent naming convention for tasks in Oracle PnG to allow grant expenses to be more easily tracked.	
Response & Proposed Action:	Grants Accounting will provide guidance upon receipt of a request for a project and award assignment to departments to include more descriptive project information in task naming convention.	Agree
Timeframe:	March 2020	
Recommendation #13:	We recommend that the Department of Finance's grants management director ensure that reports to the state are accurate and reported expenses meet grant requirements.	
Response & Proposed Action:	The Grants Management Director will continue to review reports to the state and further ensure they are accurate and the reported expenses meet WIOA grant requirements.	Agree
Timeframe:	Immediate	