



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector		(2) MEETING DATE 6/19/2018	(3) CONTACT/PHONE Kerry Bailey (805) 788-2979 Suzanne De Witt (805) 781-4846	
(4) SUBJECT Submittal of the report for Eckerd Connects Workforce Innovation and Opportunity Act Fiscal and Procurement Review for program year 2017-18. All Districts.				
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review report for Eckerd Connects.				
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes	
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)				
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A				
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A		
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date July 11, 2017		
(17) ADMINISTRATIVE OFFICE REVIEW Nikki J. Schmidt				
(18) SUPERVISOR DISTRICT(S) All Districts				



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor - Controller - Treasurer - Tax Collector

DATE: 6/19/2018

SUBJECT: Submittal of the report for Eckerd Connects Workforce Innovation and Opportunity Act Fiscal and Procurement Review for program year 2017-18. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review report for Eckerd Connects.

DISCUSSION

The Workforce Investment Act (WIA) of 1998 rewrote statutes governing programs of job training, adult education, and literacy and vocational rehabilitation. The Act mandates the use of a One-Stop Operating Center which streamlines services, eliminates duplication of services and empowers individual participants to develop the skills necessary to obtain employment. In 2014 the Workforce Innovation and Opportunity Act (WIOA) was signed into law. WIOA supersedes and updates the Workforce Investment Act (WIA) of 1998. WIOA retains the basic components of the WIA and streamlines programs and reporting while increasing the focus on servicing the most vulnerable workers including disadvantaged and unemployed adults and youth. Eckerd Connects was selected to provide an adult One-Stop Center, providing system publicity and promotion activities as well as outreach and recruitment services as well and youth employment services to older and out-of-school youth in San Luis Obispo County.

The purpose of our review was to determine the level of Eckerd Connects' compliance with the federal and state laws, regulations, policies and directives related to the WIOA funds regarding financial management and procurement for program year 2017-18.

We have attached our monitoring report, issued on May 1, 2018.

OTHER AGENCY INVOLVEMENT/IMPACT

Department of Social Services

FINANCIAL CONSIDERATIONS

The County contracted with Eckerd Connects for \$1,275,000 for program year 2017-18.

RESULTS

We determined overall, Eckerd Connects is meeting applicable WIOA requirements concerning financial management and procurement for program year 2017-18.

ATTACHMENTS

1. WIOA Program Monitoring Report of Eckerd Connects



COUNTY OF SAN LUIS OBISPO
AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

**Workforce Innovation and Opportunity Act
Fiscal and Procurement Review
Final Monitoring Report
Program Year 2017-18**

May 2018

JAMES P. ERB, CPA
Auditor-Controller • Treasurer-Tax Collector



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector

James W. Hamilton, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

May 01, 2018

Tammy Aguilera
Department of Social Services Workforce Development Board Director
3433 S Higuera St.
San Luis Obispo, CA 93401

Dear Ms. Aguilera:

This report is to inform you of the results of our Workforce Innovation and Opportunity Act (WIOA) program year (PY) 2017-18 review of the Eckerd Connects' financial management and procurement systems. For the financial management portion of this review, we focused on the following areas: internal controls including fiscal policies and procedures, allowable costs, and fiscal reporting. For the procurement portion of the review, we examined internal controls including procurement policies and procedures, methods of procurement, cost and price analyses, and contract terms and agreements.

Our review was conducted under the authority of Section 667.410 (b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine Eckerd Connects' financial management and procurement compliance with applicable federal and state laws, regulations, policies, and directives related to the Workforce Innovation and Opportunity Act funding.

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The *International Standards for the Professional Practice of Internal Auditing* require that the internal audit activity be independent and internal auditors be objective in performing their work. The *Standards* also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated.

We collected the information for this report through interviews with representatives of Eckerd Connects, a review of applicable policies and procedures, and a review of documentation supporting samples of reimbursement claims, expenditures and procurements for program year 2017-18.



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector

James W. Hamilton, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas we reviewed. It is Eckerd Connects responsibility to ensure that its systems, programs, and related activities comply with the WIOA grant program requirements, federal and state regulations, and applicable directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, remain Eckerd Connect's responsibility.

BACKGROUND

Eckerd Connects was awarded WIOA funds from the County of San Luis Obispo in the amount of \$750,000 to provide America's Job Center of California one-stop adult, dislocated worker, and rapid response services for program year 2017-18. Also, Eckerd Connects was awarded \$525,000 to provide youth employment, training and education services for program year 2017-18.

FISCAL REVIEW RESULTS

We determined Eckerd Connects is meeting applicable WIOA requirements concerning financial management for program year 2017-18.

PROCUREMENT REVIEW RESULTS

We determined overall, Eckerd Connects is meeting applicable WIOA requirements concerning procurement for program year 2017-18.

PRIOR YEAR MONITORING FINDINGS & CURRENT STATUS

The prior year audit included three findings.

1. In the prior year one expenditure was not accrued to the correct year. We found expenditures for PY 17-18 were appropriately accrued.
2. Eckerd Connects did not appropriately track and safeguard gift cards purchased for staff to be able to make small dollar program purchases. Gift cards are now logged onto a spreadsheet which track the use and balances of cards. The cards are securely kept in a locked file cabinet.
3. One HP laptop did not have an inventory identification tag with the identification number from the property log adhered to it. Reviewing inventory was not required in the current



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector

James W. Hamilton, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

monitoring guide, as the Department of Social Services has assumed the responsibility for inventory.

We would like to thank your staff and Eckerd Connects for the cooperation and assistance we received during our review. If you have any questions regarding this report or the review that was conducted, please contact Suzanne De Witt, Auditor, at (805) 781-4846 or Kerry Bailey, Internal Auditor Manager, at (805) 788-2979.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. P. Erb".

James P. Erb, CPA

Auditor-Controller-Treasurer-Tax Collector

Cc: Lauren Lewis, Fiscal Manager

Charlotte Johnson, Regional Manager

Allison Schiavo, Program Manager

Gladys Kintz, Department of Social Services Fiscal Manager

Dawn Boulanger, Department of Social Services WIOA Program Manager