



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

(1) DEPARTMENT Auditor – Controller – Treasurer – Tax Collector	(2) MEETING DATE 6/20/2023	(3) CONTACT/PHONE Kari Lekvold (805) 781-4846	
(4) SUBJECT Request to receive, review, and file the annual monitoring reports for the San Luis Obispo County Office of Education and Eckerd Youth Alternatives, Inc., Workforce Innovation and Opportunity Act Fiscal and Procurement Review for program year 2022-23.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the annual monitoring reports for the San Luis Obispo County Office of Education and Eckerd Youth Alternatives, Inc., Workforce Innovation and Opportunity Act Fiscal and Procurement Review for program year 2022-23.			
(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"/> 4/5th's 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 <u>6/7/2022</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Zachary A. Lute			
(18) SUPERVISOR DISTRICT(S)			



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James W. Hamilton, CPA, Auditor – Controller – Treasurer – Tax Collector

DATE: 6/20/2023

SUBJECT: Request to receive, review, and file the annual monitoring reports for the San Luis Obispo County Office of Education and Eckerd Youth Alternatives, Inc., Workforce Innovation and Opportunity Act Fiscal and Procurement Review for program year 2022-23.

RECOMMENDATION

It is recommended that the Board receive, review, and file the annual monitoring reports for the San Luis Obispo County Office of Education and Eckerd Youth Alternatives, Inc., Workforce Innovation and Opportunity Act Fiscal and Procurement Review for program year 2022-23.

DISCUSSION

The 2014 Workforce Innovation and Opportunity Act (WIOA) is a federally funded grant program that aims to support workforce development initiatives. The WIOA grant focuses on promoting a demand-driven approach to workforce development by aligning job seekers' skills with the needs of employers. The grant funds can be used for a range of activities, including job training, career counseling, apprenticeships, and on-the-job training. The grant supports programs for youth, adult workers, and dislocated workers.

For program year 2022-23, a contract totaling \$779,000 was awarded to the San Luis Obispo County Office of Education to provide youth job services and a contract totaling \$801,383 was awarded to Eckerd Youth Alternatives, Inc. (Eckerd) to provide adult and dislocated worker job services. Eckerd has provided these services in the past, however, program year 2022-23 was the first year that the San Luis Obispo County Office of Education was awarded a portion of the grant.

In accordance with the WIOA grant requirements, annual fiscal and procurement monitoring is conducted to ensure that grant funds have been spent in accordance with federal and state laws, regulations, policies, and directives related to WIOA funds.

Our fiscal and procurement monitoring objectives were:

- To determine whether expenditure reports were accurate, current, and complete.
- To determine whether payroll costs were accurately charged as direct or allocated costs and were appropriate and authorized.
- To determine whether invoiced expenses were accurately charged as direct or allocated costs and were allowable, appropriate, and authorized.

- To determine whether purchases made through procurement processes complied with applicable federal guidelines.

We determined that the San Luis Obispo County Office of Education generally complied with the financial management requirements with three exceptions. We identified three findings that relate to unallowable expenditures, inaccurate allocations, and an inaccurate timecard. Additional detail about the findings as well as management's response can be found in the attached Fiscal and Procurement Monitoring report. The San Luis Obispo County Office of Education's procurement activities complied with grant requirements.

We determined that Eckerd complied with the financial management requirements of the grant. Eckerd did not make any purchases during program year 2022-23 that were subject to procurement review.

OTHER AGENCY INVOLVEMENT/IMPACT

The Department of Social Services receives and administers WIOA grant funds to the San Luis Obispo County Office of Education and Eckerd Youth Alternatives, Inc.

FINANCIAL CONSIDERATIONS

The County's 2022-23 program year contracts with the San Luis Obispo County Office of Education and Eckerd Youth Alternatives, Inc. totaled \$1,580,383 for WIOA services.

RESULTS

Audits of grants improve compliance and support monitoring consistent with the County's vision of a livable and well governed community.

ATTACHMENTS

- 1 WIOA Fiscal and Procurement Review Monitoring Report of the San Luis Obispo County Office of Education
- 2 WIOA Fiscal and Procurement Review Monitoring Report of Eckerd



**Workforce Innovation and Opportunity Act
Fiscal and Procurement Review
Monitoring Report of the
San Luis Obispo County Office of Education**

Program Year 2022-23

Department of Social Services

May 2023

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



TO: DEVIN DRAKE, SOCIAL SERVICES DIRECTOR

FROM: JAMES HAMILTON, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: MAY 5, 2023

SUBJECT: WORKFORCE INNOVATION AND OPPORTUNITY ACT FISCAL AND PROCUREMENT
REVIEW MONITORING REPORT FOR PROGRAM YEAR 2022-23

Our office recently completed the annual monitoring review of the Workforce Innovation and Opportunity Act funded contract with the San Luis Obispo County Office of Education for the 2022-23 program year. The review resulted in three findings which required a response from the San Luis Obispo County Office of Education indicating their corrective action plan. Their responses to the findings are included in the attached letter.

BACKGROUND

The Workforce Innovation and Opportunity Act (WIOA) is designed to strengthen and improve the public workforce systems and put job seekers back to work by helping workers acquire the skills employers need and help employers access the talent pool available to compete in a global economy. For Program Year 2022-23, contracts totaling \$779,000 were awarded to San Luis Obispo County Office of Education to provide youth services in the County.

Youth services are provided to transitional age youth 16-24 years old either directly by San Luis Obispo County Office of Education or through partnerships with other youth-serving agencies. Services include tutoring, study skills training, instruction leading to completion of secondary school, alternative school services, mentoring, paid and unpaid work experience, occupational skills training and support services (i.e., clothing assistance and transportation).

AUDIT OBJECTIVES

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 objective of this review was to determine the San Luis Obispo County Office of Education's financial management and procurement



compliance with applicable federal and state laws, regulations, policies, and directives related to the Workforce Innovation and Opportunity Act funding.

AUDIT METHODOLOGY

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* 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.

Our procedures related to financial management focused on the following areas: internal controls including fiscal policies and procedures, allowable costs, and accurate and complete fiscal reporting.

Our procedures related to procurement examined internal controls including procurement policies and procedures, methods of procurement, cost and price analyses, contract terms and agreements.

We collected the information for this report through interviews with representatives of the San Luis Obispo County Office of Education, review of San Luis Obispo County Office of Education's applicable policies and procedures, and through review of supporting documentation for samples of reimbursement claims, expenditures and procurements occurring in the 2022-23 program year.

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 San Luis Obispo County Office of Education's responsibility to ensure that their 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 San Luis Obispo County Office of Education's responsibility.

FISCAL REVIEW RESULTS

We determined that San Luis Obispo County Office of Education is meeting the overall applicable WIOA requirements for financial management in program year 2022-23 excluding the exceptions below.



FINDING 1 SALARY AND BONUS LIMITATION WAS EXCEEDED

- Requirement: Funds appropriated by the Department of Labor (DOL) Employment and Training Administration (ETA) are subject to salary and bonus limitations as indicated in California Employment Development Department’s Directives WSD21-07 for 2022 and WSD22-10 for 2023. The salary limit for 2022 was \$203,700. The salary limit for 2023 was \$212,100. Salary amounts exceeding the threshold for individuals working full-time on the grant cannot be charged. For individuals who do not work full-time on the funded grant, the limit is prorated based on the amount of time worked on the grant.
- Observation: One of the four salaries tested exceeded the limit set forth in California Employment Development Department’s Directives WSD21-07 and WSD22-10 and was charged to the grant.
- Causes: San Luis Obispo County Office of Education was unaware of the salary and bonus limitation.
- Effects: \$2,090.98 of unallowable salary expenditures were charged to the grant between June 15, 2022 and February 28, 2023.
- Recommendation: It is recommended that the San Luis Obispo County Office of Education repay the unallowable amount of \$2,090.98.

FINDING 2 INACCURATE SALARY ALLOCATIONS

- Requirement: Part B., Section 3.3 of San Luis Obispo County Auditor-Controller- Treasurer- Tax Collector’s Contract Accounting and Administration Handbook referenced in the executed grant agreement requires that the salary expense of salaried employees working on more than one agreement or program shall be allocated to each program based on the ratio of the number of hours worked on each program during the pay



period to the total number of hours worked during the pay period.

Observation: Three out of the four salary allocations tested were calculated inaccurately.

Cause: Holidays and other non-working days were not factored in to calculate working hours.

Effect: The grant was undercharged \$1,380.13 between June 15, 2022 and February 28, 2023.

Recommendation: It is recommended that the San Luis Obispo County Office of Education calculate salary allocations based on the ratio of the number of hours worked on each program during the pay period to the total number of hours worked during the pay period.

FINDING 3 INACCURATE TIMECARD/DUTY CALENDAR

Requirement: CFR 2, 200.430 (i)(1)(i) requires that charges for salaries and wages be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Observation: San Luis Obispo County Office of Education employees complete a duty calendar at the beginning of the school year. A duty calendar indicates the working days and non-working days (i.e., vacation days) for each month and is used in calculation of employee leave balances and gross pay. If an update is necessary, a revised duty calendar is completed and approved by the supervisor. One of the three duty calendars tested was not revised or approved timely.

Cause: The monthly review of timecards did not capture the need to update the duty calendar.



Michael Stevens, Deputy
Justin Cooley, Deputy

Effect: This internal control failure did not have a fiscal impact on the grant. However, failure to update and approve duty calendars timely could lead to inaccurate calculation of leave balances and gross pay, which could result in billing errors of salary expenditures.


Recommendation: It is recommended that revisions to the original duty calendar be submitted and approved in the month they occur.

PROCUREMENT REVIEW RESULTS

We determined that San Luis Obispo County Office of Education is meeting the overall applicable WIOA requirements for procurement management in program year 2022-23.

We would like to thank your staff and San Luis Obispo County Office of Education for the cooperation and assistance we received during our review. If you have any questions regarding this report, please contact Kari Lekvold, Internal Audit Manager at (805) 781-4846.

Sincerely,


James Hamilton (May 5, 2023 16:31 PDT)

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

Cc: Dr. James Brescia, San Luis Obispo County Office of Education Superintendent
Dawn Boulanger, Department of Social Services Workforce Development Board Director
Michelle Infantino, Department of Social Services Department Administrator



TO: DEVIN DRAKE, SOCIAL SERVICES DIRECTOR

FROM: JAMES BRESCIA, ED.D., COUNTY SUPERINTENDENT OF SCHOOLS

DATE: APRIL 27, 2023

SUBJECT: WORKFORCE INNOVATION AND OPPORTUNITY ACT FISCAL AND
PROCUREMENT REVIEW MONITORING REPORT FOR THE PROGRAM
YEAR 2022-23

My office is in receipt of the monitoring letter and thanks the County for determining that the San Luis Obispo County Office of Education is meeting the overall applicable WIOA requirements for financial management in the program year 2022-23 and has addressed the findings. The following findings are addressed as follows.

Finding #1: The San Luis Obispo County Office of Education has deducted the unallowable \$2,090.98 specific to this program.

Finding #2: The San Luis Obispo County Office of Education will calculate salary allocations based on the ratio of the number of hours worked on each program during the pay period to the total number of hours worked during the pay period specific to this program.

Finding #3: The San Luis Obispo County Office of Education will submit any revisions to the original duty calendar in the month they occur specific to this program.

Please do not hesitate to contact my office directly if you have any questions.

Sincerely,

James J. Brescia, Ed.D.
County Superintendent of Schools



COUNTY OF SAN LUIS OBISPO
Office of James W. Hamilton, CPA
Auditor-Controller • Treasurer-Tax Collector • Public Administrator

Michael Stevens, Deputy
Justin Cooley, Deputy

**Workforce Innovation and Opportunity Act
Fiscal and Procurement Review
Monitoring Report of
Eckerd Youth Alternatives, Inc.**

Program Year 2022-23

Department of Social Services

June 2023

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



COUNTY OF SAN LUIS OBISPO
Office of James W. Hamilton, CPA
Auditor-Controller • Treasurer-Tax Collector • Public Administrator

Michael Stevens, Deputy
Justin Cooley, Deputy

TO: DEVIN DRAKE, SOCIAL SERVICES DIRECTOR

FROM: JAMES W. HAMILTON, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: JUNE 1, 2023

SUBJECT: WORKFORCE INNOVATION AND OPPORTUNITY ACT FISCAL AND PROCUREMENT REVIEW
MONITORING REPORT FOR PROGRAM YEAR 2022-23

Our office recently completed the monitoring review of the Workforce Innovation and Opportunity Act funded contract with Eckerd Youth Alternatives, Inc. for the 2022-23 program year. The review did not result in any findings.

BACKGROUND

The Workforce Innovation and Opportunity Act (WIOA) is designed to strengthen and improve the public workforce systems and put job seekers back to work by helping workers acquire the skills employers need and help employers access the talent pool available to compete in a global economy. For Program Year 2022-23, contracts totaling \$801,383 were awarded to Eckerd Youth Alternatives, Inc. (Eckerd) to provide adult job services in the County.

Eckerd was awarded \$801,383 for Adult and Dislocated Worker programs. This includes \$404,006 to the Adult and \$397,377 to the Dislocated Worker program. These programs provide job-seekers employment opportunities through community partner agencies as well as services provided through the America's Job Center of CA (AJCC) site. Job-seeker services include outreach, intake/eligibility, orientation, education/training, and other supportive services.

AUDIT OBJECTIVES

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 objective of this review was to determine Eckerd's financial management and procurement compliance with applicable federal and state laws, regulations, policies, and directives related to the Workforce Innovation and Opportunity Act funding.

AUDIT METHODOLOGY

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* 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.



Our procedures related to financial management focused on the following areas: internal controls including fiscal policies and procedures, allowable costs, and accurate and complete fiscal reporting.

Our procedures related to procurement examined internal controls including procurement policies and procedures, methods of procurement, cost and price analyses, contract terms and agreements.

We collected the information for this report through interviews with representatives of Eckerd, review of Eckerd's applicable policies and procedures, and through review of supporting documentation for samples of reimbursement claims, expenditures and procurements occurring in the 2022-23 program year.

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's responsibility to ensure that their 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's responsibility.

FISCAL REVIEW RESULTS

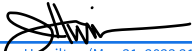
We determined that Eckerd is meeting the overall applicable WIOA requirements for financial management in program year 2022-23 and appropriately invoiced the Department for program costs.

PROCUREMENT REVIEW RESULTS

We determined that Eckerd did not make any purchases during program year 2022-23 that were subject to procurement review.

We would like to thank your staff and Eckerd for the cooperation and assistance we received during our review.

Sincerely,


James W. Hamilton (May 31, 2023 21:19 PDT)

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

Cc: Lauren Lewis, Eckerd's Senior Director, Finance WFD
Christina Kuhn, Eckerd's Operations Director
Michelle Infantino, Department of Social Services Department Administrator
Dawn Boulanger, Department of Social Services Workforce Development Board Director