



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

(1) DEPARTMENT Auditor-Controller-Treasurer- Tax Collector	(2) MEETING DATE 7/9/2024	(3) CONTACT/PHONE Kari Lekvold (805) 781-4846	
(4) SUBJECT Request to receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc. for program year 2023-24.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0	(8) ANNUAL FINANCIAL IMPACT \$0	(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 ___6/20/2023_____	
(17) ADMINISTRATIVE OFFICE REVIEW  <i>Mia S. Trevelyan</i>			
(18) SUPERVISOR DISTRICT(S)			



## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

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

DATE: July 9, 2024

SUBJECT: Request to receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc. for program year 2023-24.

### **RECOMMENDATION**

It is recommended that the Board receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc.

### **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 the program year 2023-24, contracts totaling \$1,200,000 were awarded to Eckerd Youth Alternatives, Inc. (Eckerd) to provide adult, dislocated worker, and youth job services in the County.

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 Eckerd generally complies with the financial management requirements with the exceptions and management responses outlined in the attached Fiscal and Procurement Monitoring report. Detailed in the attached report, we identified two findings related to the reconciliation of monthly invoices to the general ledger

and the incomplete supporting documentation for participant work experience payments. Eckerd did not make any purchases during program year 2023-24 that were subject to procurement review.

Eckerd agreed with our recommendations and their responses to the findings and recommendations are included in the report.

**OTHER AGENCY INVOLVEMENT/IMPACT**

The Department of Social Services receives and administers WIOA grant funds to Eckerd Youth Alternatives, Inc.

**FINANCIAL CONSIDERATIONS**

The County's 2023-24 program year contracts with Eckerd Youth Alternatives, Inc. totaled \$1,200,000 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 Eckerd PY 2023-24



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

**Michael Stevens, Deputy**  
**Justin Cooley, Deputy**

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

**Program Year 2023-24**

Department of Social Services

June 2024

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



TO: DEVIN DRAKE, SOCIAL SERVICES DIRECTOR

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

DATE: JUNE 6, 2024

SUBJECT: WORKFORCE INNOVATION AND OPPORTUNITY ACT ANNUAL FISCAL AND PROCUREMENT REVIEW MONITORING REPORT FOR PROGRAM YEAR 2023-24

Our office recently completed the annual monitoring review of the Workforce Innovation and Opportunity Act funded contracts with Eckerd Youth Alternatives, Inc. for the 2023-24 program year. The review resulted in two findings which required a response by Eckerd indicating their corrective action plan. Their response to each finding is included below.

#### 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 2023-24, the Department of Social Services (DSS) awarded WIOA contracts to Eckerd Youth Alternatives, Inc. (Eckerd) in the amount of \$1,200,000 to provide youth and adult job services in the County.

Eckerd was awarded \$600,000 for Adult and Dislocated Worker programs. This includes \$300,000 to the Adult program and \$300,000 to the Dislocated Worker program. Additionally, Eckerd was awarded \$600,000 to provide youth employment, training and education services.

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.

#### PURPOSE

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.



## 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 internal controls including fiscal policies and procedures, allowable costs, and accurate and complete fiscal reporting.

Our procedures related to procurement focused on 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 2023-24 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 overall that Eckerd is meeting applicable WIOA requirements concerning the financial management for program year 2023-24 excluding the two exceptions noted below. Their responses to the findings are included in the attached Letter.

### Finding 1

Requirement: CFR 2, 200.302 (2) requires financial management systems to disclose accurate, current, and complete financial results.

Observation: Two out of six WIOA program invoices reviewed did not reconcile to Eckerd's general ledger.



**Cause(s):** A journal entry to reclassify \$5,625 of program expenses from the Adult program to the Dislocated Worker program was not completed in the general ledger.

**Effect:** Since the invoices were correct, there was no fiscal impact on the grant. However, failure to reconcile the general ledger to the invoices could result in the over or undercharging of expenses and the inaccurate reporting of grant funds.

**Recurring Finding:** Prior year finding in Program Year 2018-19 and 2019-20

**Recommendation:** We recommend that Eckerd reconcile the general ledger to invoices prior to sending them to the Department of Social Services.

**Finding 2**

**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:** One youth work experience expenditure was selected for testing. It was determined that the timesheet was approved by Eckerd staff, but not by a worksite supervisor.

**Cause(s):** Eckerd utilizes UpRys, a third party as the Employer-of-Record for youth work experience participants. The UpRys system was not configured to require a worksite supervisor to approve actual work experience hours.

**Effect:** \$3,602.40 of Youth work experience wages, taxes, and fees paid through February 29, 2024, were not supported by a system of internal control which provides us with reasonable assurance that the charges were accurate or allowable.

**Recommendation:** We recommend that worksite supervisors review and approve participant's timecards and document the review.

**PROCUREMENT REVIEW RESULTS**

We determined Eckerd did not make any purchases that meet WIOA procurement requirements.



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

**Michael Stevens**, Deputy  
**Justin Cooley**, Deputy

We would like to thank your staff and Eckerd for the cooperation and assistance we received during our review. If you have any questions regarding this report, please contact Desiré Harris, Internal Auditor, at (805) 781-5099.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Hamilton".

[James Hamilton \(Jun 6, 2024 22:22 PDT\)](#)

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

Cc: Dawn Boulanger, Department of Social Services Workforce Development Board Director  
Diana Marin, Department of Social Services Program Manager  
Atoosa Boyd, Department of Social Services Fiscal Administrator  
Sarah Hayter, Administrative Analyst  
Michelle Arencibia, Eckerd Finance Manager  
Christina Kuhn, Eckerd Operations Director  
Jonathan Ziegler, Eckerd VP of Operations





June 6, 2024

Kari Lekvold  
CPA, Internal Audit Division  
County of San Luis Obispo – Department of Social Services

RE: Workforce Innovation and Opportunity Act (WIOA) Fiscal and Procurement Review Monitoring Report for Program Year 2023-24.

Dear Kari,

Eckerd Connects has received the monitoring letter and Draft Results of the Fiscal and Procurement Review Monitoring Report for PY 2023-24. Please allow this letter to serve as a formal response to your email received on May 28, 2024.

We have reviewed the Draft Letter which states (2) findings that were noted during the compliance monitoring. The following outlines our action steps for the identified areas.

**Finding #1: Observation:** Two out of six WIOA program invoices reviewed did not reconcile to Eckerd's general ledger. **Cause(s):** A journal entry to reclassify \$5,625 of program expenses from the Adult program to the Dislocated Worker program was not completed in the general ledger. **Effect:** Since the invoices were correct, there was no fiscal impact to the grant. However, failure to reconcile the general ledger to the invoices could result in the over or undercharging of expenses and the inaccurate reporting of grant funds. **Requirement:** CFR 2, 200.302 (2) requires financial management systems to disclose accurate, current, and complete financial results.

**Eckerd's Corrective Action Plan/Response:** The error mentioned in the observation was determined after the monthly invoice was submitted for PY 2023-24. As mentioned above there was to be a reclassification of a program expense from the Adult program to Dislocated Worker program. This error was promptly corrected, and a supplemental invoice was submitted to correct the expense, however, a journal entry did not get posted at that time. Eckerd Connects Billing Team and Operations Leaders meet monthly to review billing. To better improve this review process, the local Eckerd Connects Program Managers now participate during these calls to assist with the review of program charges. This serves as another level of review to decrease errors. The Eckerd Connects Fiscal Team also completes periodic reviews the year-to-date general ledgers. Eckerd will ensure to adhere to the recommendation noted in the draft letter as follows. **Recommendation:** Eckerd reconcile the general ledger to invoices prior to sending them to the Department of Social Services.

**Finding #2: Observation:** One youth work experience expenditure was selected for testing. It was determined that the timesheet was approved by Eckerd staff, but not by a worksite supervisor. **Cause(s):** Eckerd utilizes UpRys, a third party as the Employer-of-Record for youth work experience participants. The UpRys system was not configured to require a worksite supervisor to approve actual work experience hours. **Effect:** \$3,602.40 of Youth work experience wages, taxes, and fees paid through February 29, 2024 were not supported by a system of internal control which provides us with reasonable assurance that the charges were accurate or allowable. **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.

**Eckerd's Corrective Action/Response:** The above listed client mentioned in this finding was transferred to Eckerd Connects on June 1, 2023 from the previous WIOA Youth Provider. The WEX contract began with Eckerd Connects on June 1, 2023 and ended on September 8, 2023.

During the audit there was a question posed by an Auditor, "Am I correct in understanding this means there is not an approver at the participant's worksite for their timecards only the Eckerd staff?" Eckerd Connects provided an email response which included immediate action to update our process. **Eckerd Connects Response:** UpRys is the online payroll processing center used for our clients participating in a paid WEX. Our clients complete their timecards via UpRys. The Worksite Supervisor/ Eckerd Staff have access to review, approve and submit Client Timecards. During New Hire Orientation the Worksite Supervisor, Eckerd Staff and Client review the Payroll Calendar and the Training Agreement that outlines the clients work schedule. Any changes to this agreement must receive prior approval from Worksite Supervisor and Eckerd Staff. Effective immediately, we have put an additional timesheet verification review and approval. The assigned Career Coach or Designee will provide the onsite Worksite Supervisor a copy of the client's completed timecard for review, approval, and signature. The client's signed timesheet will be uploaded in CalJobs.

**Action Taken:** As a part of the immediate change to the WEX Timesheet process, Eckerd Connects staff worked with the WEX Worksite Training Supervisor to review and sign the above-mentioned timesheets from June 1, 2023-September 8, 2023. These timesheets were reviewed and returned to Eckerd Connects by the WEX Worksite Training Supervisor on April 23, 2024, and are uploaded in the client's CalJOBS account. As mentioned above Eckerd Connects immediately implemented a revision to our process to ensure WEX timesheets are reviewed and signed off by the WEX Worksite Training Supervisor or Designee. Recommendation noted in the draft letter as follows.

**Recommendation:** We recommend that worksite supervisors review and approve participant's timecards and document the review.

We appreciate the opportunity to serve San Luis Obispo (SLO) County and look forward to our continued partnership. Please let me know if you have any questions or require additional information.

Sincerely,

*C. Kuhn*

Operations Director, Eckerd Connects

CC:

Desire Harris – Auditor- Analyst, Internal Audits, County of San Luis Obispo Auditor

Dawn Boulanger – Workforce Development Board Director, Workforce Development Board of San Luis Obispo County

Diana Marin – Workforce Development Program Manager, Workforce Development Board of San Luis Obispo County

Jonathan Zeigler – Vice President Operations, Eckerd Connects