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**Audit of the Department of Employment  
Services Adult Career and Technical  
Education Programs**

September 28, 2013

A Report by the Office of the District of Columbia Auditor  
Yolanda Branche, District of Columbia Auditor

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## **Acknowledgements**

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We would like to thank the staff of the Department of Employment Services for their time, information, insight, and cooperation during the audit process.

# Introduction

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The Office of the District of Columbia Auditor (Auditor) has completed an audit of the Department of Employment Services (DOES), Career and Technical Education programs. This audit was conducted at the request of the former Council Chairman Michael A. Brown.

According to their fiscal year (FY) 2012 Performance Accountability Report, DOES had the following major accomplishments:

- Despite a still-sluggish national economy and historically high unemployment rates in the District, in November 2011 alone, the unemployment rate dropped by nearly half a percentage point. Although the District still has a long way to go, the number of private-sector jobs in the District has increased by 17,000 (or 3.7 percent) since the current Mayor took office.
- The *One City • One Hire* Program is connecting unemployed District residents with jobs: The new Department of Employment Services lead project has, in its first four months, placed more than 1,400 previously jobless District residents in positions for which they are qualified – and in its second phase, is registering employment seekers who were previously unknown to DOES and connecting them with jobs and job-training opportunities. More than 350 employers have signed on to participate in the program and new ones are signing up almost daily. More District contractors are hiring District residents: The District of Columbia's First Source Law requires city contractors to hire a certain percentage of city residents. In FY 2011, new legislation was signed by the Mayor to strengthen the District's capacity to implement the First Source Law. The enforcement mechanism of the First Source law was elevated and as a result, this catapulted the District to a 51 percent hire rate in March 2011 for the first time in over a decade. In July 2011, the District achieved a new hire percentage rate of 74 percent – the highest percentage to date.
- DOES successfully reformed the Summer Youth Employment Program (SYEP). Unlike previous years – which were marred by huge cost overruns and significant programmatic glitches – in FY 2011, the program employed 14,062 youths, matched young people to jobs that suited

their skills sets and career goals, and had virtually no complications and came in under budget.

# **Objectives, Scope and Methodology**

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## **Objectives**

The objectives of the audit were to assess whether:

- DOES developed and implemented sufficient internal controls to provide efficient and effective management and oversight for the Career Technical Education (CTE) programs offered at the Hospitality Public Charter High School at Roosevelt High School, the Academy for Construction and Design at Cardozo High School, and Phelps Architecture, Construction & Engineering High School; and
- CTE program payments were accurate, adequately supported, and in compliance with the terms of Memorandums of Understanding (MOU) or Agreements (MOA).

## **Scope**

The audit period covered fiscal years 2009, 2010 and 2011 (October 1, 2008 through September 30, 2011).

## **Audit Methodology**

In conducting the audit, we reviewed the following:

- Applicable District and Federal laws and regulations;
- Background information on the District's CTE programs;
- The District's Strategic Workforce Investment Plan;
- The District's CTE Five-Year State Plan;
- Relevant Memorandums of Understanding (MOU)s or MOAs;
- CTE payment and program documentation; and
- Workforce Development CTE program documents from surrounding jurisdictions.

Additionally, we conducted interviews with relevant staff within the DOES Workforce Development Bureau, Office of the Chief Financial Officer (OCFO), Office of the Deputy Mayor for Education (DME), University of the District of Columbia (UDC), Office of the State Superintendent of Education (OSSE), District of Columbia Public

Schools (DCPS), Joint School of Carpentry, and the D.C. Students Construction Trades Foundation.

The performance audit was conducted 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.

## Background

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Workforce Development (WD) is an essential component in creating, sustaining and retaining a viable workforce within the District. According to the “Workforce Investment Act of 1998,” the purpose of Workforce Development is:

“...to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.”<sup>1</sup>

The District has more than 30 WD programs and services that are managed by a dozen city agencies. The WD programs help prepare residents for work and assist residents in job searches and placement.

The mission of the Department of Employment Services (DOES) is to plan, develop and administer employment-related services to District residents. DOES accomplishes this mission through empowering and sustaining a diverse workforce, which enables all sectors of the community to achieve economic and social stability.<sup>2</sup>

The DOES Career and Technical Education (CTE) programs are an important part of the District’s WD system. CTE programs are part of the Carl D. Perkins Career and Technical Education Improvement Act of 2006 (“Perkins Act”). The Perkins Act requires states to develop the academic, career and technical skills of secondary and post-secondary education students who elect to enroll in CTE programs.

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<sup>1</sup>29 USCS § 2811 (LexisNexis 2013)

<sup>2</sup> The Department of Employment Services official web site, <http://does.dc.gov>.

The Perkins Act defines the term “career and technical education” as a coherent sequence of courses, which:<sup>3</sup>

- Are offered at either the secondary or post-secondary adult levels or span both secondary and post-secondary education;
- Combine both rigorous core academic knowledge and advanced technical and workplace knowledge and skills;
- Lead to an Associate of Applied Science Degree and/or a certificate or an industry-recognized credential; and
- Are designed to prepare students for high skill, high wage and high demand occupations.

In December of 2008, the Council of the District of Columbia (Council) approved the “Get D.C. Residents Training for Jobs Now Emergency Act of 2008” and the “Get D.C. Residents Training for Jobs Now Temporary Act of 2009”. A permanent version of the legislation, D.C. Code § 38-1011.01, was introduced in 2009 and became effective March 3, 2010.

D.C. Code § 38-1011.01(a) required that the Mayor establish evening, weekend and summer adult CTE training programs for adult District residents in partnership with existing technical CTE training programs within eight months of March 3, 2010. The programs were to be conducted at the following locations:

1. Phelps Architecture, Construction & Engineering High School (Phelps);
2. The Academy for Construction and Design at Cardozo Senior High School (Cardozo); and
3. The Hospitality Public Charter High School at Roosevelt High School (Roosevelt).

On April 28, 2009, DOES entered into a MOU with the Office of the Deputy Mayor for Education (DME) for DME to establish three new adult CTE training programs at Phelps, Cardozo and Roosevelt. The MOU was not to exceed \$1.25 million during fiscal year (FY) 2010. DOES advanced DME \$650,000 for the CTE programs.

The MOU stated that the CTE training programs would offer career training in high-growth sectors that would lead to industry-recognized certificates in the following trades: electrical, plumbing, heating, ventilation and air conditioning (HVAC), hospitality, culinary arts, and green technology. Participants would receive

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<sup>3</sup> District of Columbia Five-Year State Plan for Career-Technical Education. The Carl D. Perkins Career and Technical Education Act of 2006 (P.L. 109-270) Program Years 2009-2013, dated April 1, 2008 page 17.

training and work with industry professionals to gain the skills and experience necessary to obtain entry-level positions.

According to the MOU, DME was required to provide the following CTE training programs for adult District residents:

- a. Construction trades, including electrical, plumbing and HVAC skills, as well as, education and literacy instruction at Cardozo;
- b. Hospitality management, culinary arts training and literacy instruction at Roosevelt; and
- c. Green jobs training at Phelps.

On July 30, 2009, DME executed a MOU with the University of the District of Columbia (UDC) and advanced UDC \$447,530. UDC was required to:

- a. Issue a sub-grant of \$181,010 to the D.C. Students Construction Trades Foundation (DCSCTF) to provide a construction pre-apprenticeship training program at Cardozo;
- b. Provide literacy instruction and job readiness training at Cardozo; and
- c. Provide hospitality management services and culinary arts training, as well as, job readiness training, including literacy instruction at Roosevelt.

On March 31, 2010, DOES also executed a Memorandum of Agreement (MOA) with the Joint School of Carpentry (JSC), to establish a carpentry training and literacy program for adult District residents at Phelps.

The following is a summary of the CTE and literacy programs that were offered at Phelps, Cardozo and Roosevelt.



*Phelps Architecture, Construction and Engineering High School*

The Joint School of Carpentry (JSC) developed and provided a 12-week CTE program called the Carpentry Pilot Program from April 5, 2010 through June 25, 2010. Classes were held on Monday, Wednesday and Thursday evenings from 6 p.m. to 9:30 p.m. and on Saturdays from 10 a.m. to 4 p.m.

Basic Employment Skill (job readiness) classes were held on Tuesday evenings from 6 p.m. to 9:30.p.m. These classes taught basic employment skills consisting of math enrichment, resume building, mock interviews, and personal skills.

JSC reported that 11 persons enrolled in the Carpentry Pilot Program. Seven of the 11 participants obtained certificates of completion and 2 participants obtained employment.



*The Academy for Construction and Design at Cardozo Senior High School*

The D.C. Students Construction Trades Foundation (DCSCTF) developed and provided the Construction Pre-apprenticeship CTE program at Cardozo from September 28, 2009 through May 27, 2010, two nights a week, from 4 pm to 8 pm. DCSCTF reported that 84 persons enrolled in the program; 30 of the 84 participants obtained certificates of completion and 2 obtained employment.

According to UDC officials, UDC's UDC Development and Lifelong Learning (WDLL) department developed and operated a literacy job readiness training program at Cardozo that was provided on-line. UDC could not, however, provide documentation indicating how many persons were enrolled in this on-line training.

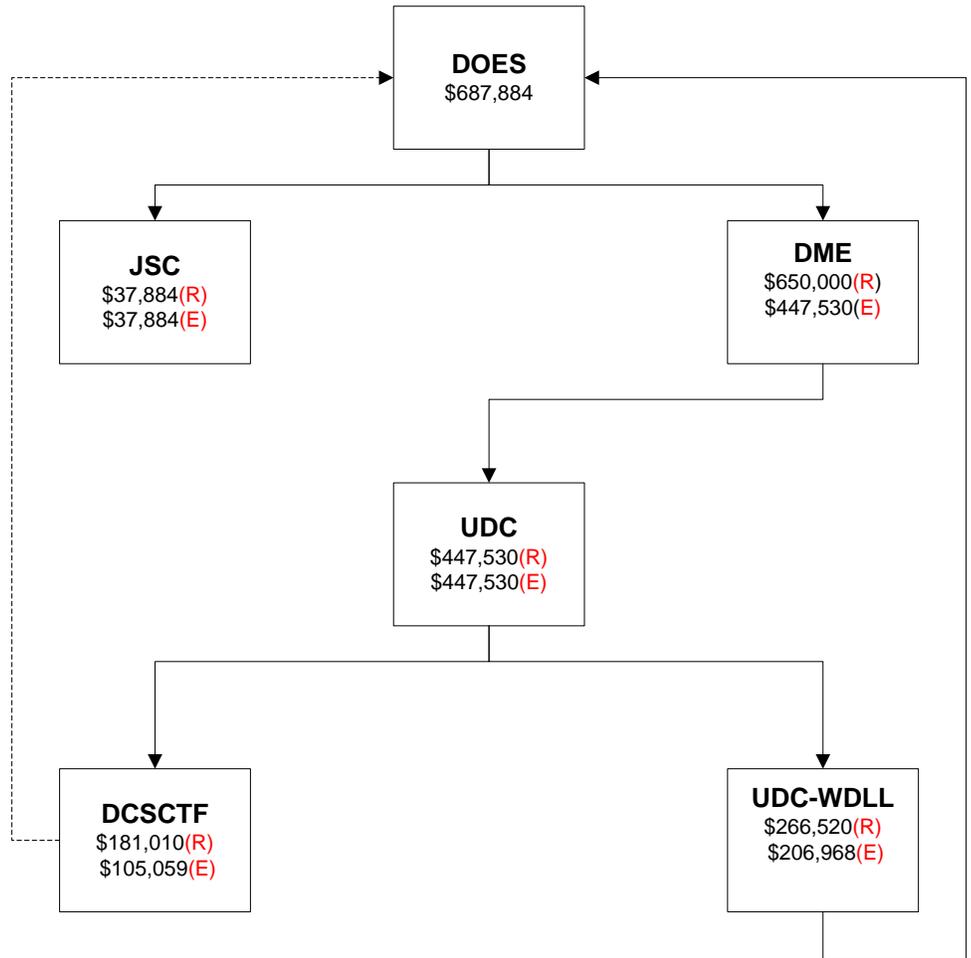


*The Hospitality Public Charter High School at Roosevelt High School*

According to the MOU, UDC was to develop and operate a hospitality CTE program at Roosevelt. UDC was also required to operate a literacy program at Roosevelt. Classes began on April 5, 2010 and were held Monday through Thursday from 4:30 p.m. to 9 p.m. UDC could not provide program documentation indicating participant enrollment and program outcomes.

Figure 1 details the \$687,884 disbursed by DOES and received by DME, JSC, UDC, DCSCTF, and UDC for CTE programs and the total amounts expended for the CTE programs.

**Figure 1 Total Amount of Funds Received (R) and Actual Amount of Funds Expended (E)**



- UDC- refunded \$59,551 to DOES
- DCSCTF refunded \$75,950 to DOES
- DME refunded \$202,470 to DOES

Figure 2 summarizes the reported outcomes for each of the adult CTE programs.

**Figure 2**  
**Summary of Outcomes for Each of the Three Adult CTE Programs**

| <b>High School</b> | <b>Total Amount of Funds Expended</b> | <b>Total Number of Participants Enrolled</b> | <b>Total Number of Participants that Completed the Program</b> | <b>Total Number of Participants Employed after the Program</b> |
|--------------------|---------------------------------------|--|--|--|
| Cardozo            | \$105,059.62                          | 84   | 29   | 2  |
| Phelps             | \$37,884.08                           | 11   | 7  | 2  |
| Roosevelt          | \$206,968.72                          | Not Available                                | Not Available  | Not Available  |
| <b>Grand Total</b> | <b>\$349,912.42</b>                   | <b>95</b>                                    | <b>36</b>  | <b>4</b>   |

Source: CTE Contractor's Final Program Reports

# Audit Results

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## **1. DOES Did Not Establish Written Performance Criteria For CTE Programs or Provide Adequate Oversight of the Terms and Conditions Contained in the MOU with DME**

GAO standards for internal control states that, “information should be recorded and communicated to management and others within the entity who need it and in a form and within a time frame that enable them to carry out their internal control and other responsibilities. For an entity to run and control its operations, it must have relevant, reliable, and timely communication relating to internal as well as external events. Pertinent information should be identified, captured, and distributed in a form and time frame that permits people to perform their duties efficiently.”<sup>4</sup>

Through the MOU with the Deputy Mayor for Education, DOES sought to advance its mission of providing employment training and job opportunities to District residents by funding the implementation of CTE programs created by DME. Our review found that DOES did not establish sufficient internal controls to ensure effective oversight of the CTE programs.

Specifically, we found DOES did not establish performance criteria for CTE programs, did not enforce reporting requirements, and lacked standard operating procedures for monitoring program outcomes.

### **No Performance Criteria**

We found that MOUs executed by DOES, DME and UDC did not contain specific performance criteria. We found that the MOUs did not require any of the following performance criteria:

- Program eligibility and enrollment requirements;
- Goals, objectives, and milestones for the literacy and adult CTE programs;
- Curriculum which outlined specific benchmarks to measure the progress of participants;

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<sup>4</sup> Standards for Internal Control in Federal Government, GAO/AIMD-00-21.3.1 (11/99) pages 20 and 21

- Criteria to become certified based on industry standards;  
and
- Projected number of job placements upon the completion of the CTE training.

Without detailed performance criteria, neither DOES, DME nor UDC could accurately measure the quality and effectiveness of training services of each CTE program or gauge whether CTE programs were effective or whether program objectives had been met.

## **Inefficient Monitoring**

Our review found that DOES, DME and UDC did not establish written policies and procedures for monitoring the CTE programs. According to DOES, site visits were conducted at Cardozo, Phelps and Roosevelt to observe training. However, DOES could not provide dates of site visits or a report that documented the training that was observed.

## **No Enforcement of Reporting Requirements**

The MOU between DOES and DME required DME to provide a final report detailing the use of the \$650,000 in advanced funds and any remaining balances of advanced funds. The MOU between DME and UDC also required UDC to provide DOES with monthly and annual financial reports detailing the use of the \$447,530, advanced from DME and any remaining balances of advanced funds. Lastly, the MOA between DOES and JSC required JSC to provide a final report detailing the use of the \$\$37,884 in advanced funds and any remaining balances of advanced funds. JSC complied with their reporting requirements.

Our review found, however, that DME did not provide DOES with a final report and DME did not retain program and financial information related to the MOU to support the monitoring and oversight of \$650,000 advanced from DOES, as required. The DME officials responsible for monitoring the MOUs were no longer employed at DME at the time of our audit.

UDC also failed to provide timely monthly and annual financial reports detailing the use of advanced funds and any remaining balances of advanced funds. On February 15, 2012, 17 months after the literacy and CTE programs ended, UDC submitted a financial report to DOES. UDC was allowed to maintain possession of \$59,551 in unexpended funds 17 months after the MOU with DME expired in violation of the MOU. The \$59,551 was finally returned to DOES on February 16, 2012.

The failure of DME and UDC to submit required program and financial reports did not ensure that that DOES could effectively and timely account for the advanced funds nor ensure that the funds were protected from fraud, waste and abuse.

## **Recommendation:**

We recommend that the Director of Employment Services:

1. Establish sufficient internal controls to effectively manage and oversee future CTE programs; including, but not limited to, ensuring that program criteria and objectives are written

and established, sufficient monitoring is conducted and documented, and effective enforcement of reporting requirements is maintained.

## **2. UDC Paid Contractors Without Requiring Sufficient Supporting Documentation**

The Office of the Chief Financial Officer (OCFO) Financial Policies and Procedures Manual section 3020.700, states that all invoices are to be examined prior to certification of payment, and payments are not to be made until the certifying or disbursing officer determines that the payment is proper, correct, and supported by adequate documentation.

Our review found that UDC paid contractors without requiring sufficient documentation. We found that UDC paid two contractors a total of \$59,960 without requiring the contractors to submit program evaluation reports, lesson plans, curriculum, program, timesheets, or detailed invoices.

Our review found one contractor that was hired to provide educational training for Temporary Assistance for Needy Families (TANF) participants and provide a performance review of the Hospitality Program. The total contract amount was not to exceed \$23,960, at an hourly rate of \$40 per hour. According to the contract, the program was to operate 2 hours a night, Monday through Thursday - totaling 8 hours a week for a total of 32 hours a month. The program operated for 10 months (December 2009 through September 2010). Based on teaching 32 hours per month, the contractor would have been entitled to be paid \$12,800 for 320 hours (10 x 32 =320).

UDC, however, paid the contractor \$23,960 without requiring the contractor to submit timesheets or detailed invoices. Although the contractor was also required to provide a performance review of the Hospitality Program, without detailed invoices there was no way to substantiate that the additional payments were justified without documentation to support the payments.

Another contractor was hired to provide hospitality industry training for a 6-month period, at an amount not to exceed \$26,000, and an hourly rate of \$36. The contract stated the program would be operated 2 hours per night, Monday through Thursday which would total 8 hours a week or 32 hours a month. Based on teaching 32 hours per month the contractor would have been entitled to \$6,912 for 192 hours (6 x 32 =192 x 36 =\$6,912) UDC, however, paid the contractor \$36,000 without requiring the contractor to submit timesheets or detailed invoices. Without timesheets or detailed invoices there was no way to substantiate that the additional payments were justified without documentation to support the payments.

## **Recommendations:**

We recommend that:

2. Director of DOES review the invoices of the two contractors and take the necessary steps to have UDC and/or the contractor refund any monies paid in excess of allowable and supportable charges.
3. UDC establish necessary internal controls to ensure that payments to contractors are in accordance with contract terms and agreements and invoices are reviewed and approved in accordance with OCFO policies and procedures prior to payment.

### **3. UDC Spent Funds on Items Not Associated With the CTE Programs Listed in MOU**

As previously stated, UDC was advanced \$443,570 to:

- a. Issue a sub-grant to the D.C. Students Construction Trades Foundation (DCSCTF) to operate a construction pre-apprenticeship training program at Cardozo;
- b. Provide assessments and specialized literacy job readiness training at Cardozo; and
- c. Provide hospitality management services training at Roosevelt, as well as, job readiness training, including literacy instruction, at Cardoza.

We found that UDC expended funds advanced to them for programs or services that were not related to a construction pre-apprenticeship, specialized literacy job readiness or hospitality management services training program.

More specifically, we found that UDC paid \$26,125 from the \$ 443,570 they were advanced for the following items or services that were not related to the programs offered at Roosevelt or Cardozo:

- \$15,125 for a Commercial Driver's License Training Program at Patricia Roberts Harris Education Center.
- \$15,000 for keyboard software. Only \$4,000 worth of keyboard software was delivered to Roosevelt. The remaining \$11,000 in keyboard software was delivered to Patricia Roberts Harris Education Center, McKinley High School and Fletcher-Johnson.

#### **Recommendation:**

We recommend that the Director of Employment Services:

4. Take the necessary actions to recover the \$26,125 in payments made by UDC for goods and services that were not related to programs cited in their MOU with DME.

# Audit Results Summary

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**The Auditor identified the following three findings:**

1. DOES did not establish written performance criteria For CTE programs or provide adequate oversight of the terms and conditions contained in the MOU with DME.
2. UDC Paid Contractors Without Requiring Sufficient Supporting Documentation.
3. UDC spent funds on items not associated with the CTE programs listed in MOU.

**To correct the deficiencies identified during the audit, the Auditor directed the four recommendations listed below to the Director of Employment Services.**

1. Establish sufficient internal controls to effectively manage and oversee future CTE programs, including but not limited to, ensuring that program criteria and objectives are written and established, sufficient monitoring is conducted and documented, and effective enforcement of reporting requirements is maintained.
2. Conduct a review of the invoices submitted by the two cited contractors and take the necessary steps to have UDC and/or the contractor refund any monies paid in excess of allowable charges.
3. For future agreements with UDC, take necessary steps to ensure that UDC establishes necessary internal controls to verify that payments to contractors are in accordance with contract terms and agreements and invoices are reviewed and approved in accordance with OCFO policies and procedures.
4. Take the necessary actions to recover the \$26,125 in payments made by UDC for goods and services that were not related to programs cited in their MOU with DME.

## Conclusion

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The mission of the Department of Employment Services (DOES) is to plan, develop and administer employment-related services to District residents. The DOES Career and Technical Education (CTE) programs are an important part of the District's Workforce Development (WD) system. CTE programs are part of the Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins Act). The Perkins Act requires states to develop the academic, career and technical skills of secondary and post-secondary education students who elect to enroll in CTE programs.

Our audit of the DOES Adult Career and Technical Education Programs, found that DOES had not developed and implemented sufficient internal controls to provide efficient and effective management and oversight for the CTE programs offered at the Hospitality Public Charter High School at Roosevelt High School, the Academy for Construction and Design at Cardozo High School, and Phelps Architecture, Construction & Engineering High School. We further found that DOES did not have sufficient internal controls to ensure that CTE program payments were accurate, adequately supported, and in compliance with the terms of Memorandums of Understanding or Agreements.

It is important to note that since the completion of the audit, a new Director, Lisa Mallory, was appointed to lead DOES. Ms. Mallory advised the Office of the District of Columbia Auditor that DOES has taken significant steps toward implementing the recommendations presented in this report.

We are hopeful that DOES will continue to implement all of the audit recommendations. In doing so, DOES will increase the efficiency of operations, ensure compliance with rules and regulations, and improve the delivery of key employment services to the residents of the District of Columbia.

Sincerely,

 Deputy Auditor

for:

Yolanda Branche  
District of Columbia Auditor

## **Agency's Response**

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On August 27, 2013, the Office of the District of Columbia Auditor submitted the draft report titled, "Audit of the Department of Employment Services Adult Career and Technical Education Programs" for review and comment to the Department of Employment Services (DOES).

The Auditor received written comments from the Department of Employment Services on September 10, 2013. We are pleased to learn that DOES concurred with our findings and recommendations. The DOES response is included with this report.

# GOVERNMENT OF THE DISTRICT OF COLUMBIA

## Department of Employment Services

VINCENT C. GRAY  
MAYOR



LISA MARÍA MALLORY  
DIRECTOR

September 10, 2013

Yolanda Branche  
District of Columbia Auditor  
Office of the District of Columbia Auditor  
717 14<sup>th</sup> Street, NW Suite 900  
Washington, DC 20005

**RE: Audit of the Department of Employment Services Adult Career Technical Education Programs**

Dear Ms. Branche:

Thank you for furnishing the Department of Employment Services (DOES) with your draft report, "Audit of the Department of Employment Services Adult Career Technical Education Programs," a program that ran from 2009-2010.

As you know, workforce development has been a priority for the Gray Administration. Mayor Gray charged DOES to begin agency transformation in spring 2011, and this has resulted in the establishment of at least 120 agency-wide policies, forms, and administrative orders to strengthen the agency's internal controls. Additionally, to date DOES has connected over 7,000 District residents to employment opportunities with 930 employer partners who have joined the *One City • One Hire* initiative.

DOES no longer runs a Career Technical Education program with the University of the District of Columbia/Community College (UDC/CCDC) at the three high schools. Alternatively, since 2011, DOES created and strengthened the agency's quality assurance methods, including the development of a formal decision memo policy and form to ensure sufficient controls are written into all DOES Memorandum of Understandings prior to execution. Through DOES grant-making authority established in 2012, DOES simultaneously created a grant and contracting unit within the agency to ensure all grants awarded by DOES are competitive and meet standard grant, contract, procurement, monitoring, and performance requirements, as applicable. DOES also increased the frequency of monitoring in our Office of Program Performance Monitoring from quarterly to monthly, to name a few improvements. DOES believes these improvements will ensure that internal controls are sufficient, programs are effectively managed, program criteria and objectives are written and clear, and that vendors also have sufficient internal controls. Additional improvements are underway.

As noted in the Summary Sheet enclosed, DOES is uncertain whether any MOU can be entered into with UDC/CCDC as the FY14 Budget Support Act (Bill 20-199), "Subtitle P: University of the District of Columbia Community College Workforce Development Program" allows

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funding from DOES to UDC/CCDC without regard to reporting and oversight requirements. Currently, the Office of the Chief Financial Officer opines that this provision may violate the Home Rule Act. However, DOES will continue to offer competitive grant opportunities to all vendors who qualify and wish to apply and will seek to recover funds that have been improperly spent by UDC.

We look forward to continuing to implement these recommendations as part of the agency's transformation. If you have any questions or require additional information, please do not hesitate to contact me at 202-671-1900 or via email at [lm@dc.gov](mailto:lm@dc.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read "Lisa Maria Mallory".

Lisa Maria Mallory  
Director

Enclosure

**Audit of the Department of Employment Services  
Adult Career and Technical Education Programs**

| Recommendation   | Agency Agrees  | Agency Disagrees |
|--|--|------------------|
| <p>1. Establish sufficient internal controls to effectively manage and oversee future CTE programs, including but not limited to, ensuring that program criteria and objectives are written and established, sufficient monitoring is conducted and documented, and effective enforcement of reporting requirements is maintained.</p> | <p>Agrees.</p> <p>DOES created DOES Policy 100.10.2 in July 2011 to outline the procedures for preparing a Decision Memorandum for the DOES Director’s review and decision. This policy facilitates a formal coordinated review and approval process of significant/complex proposals that may have significant impact on DOES or its services system-wide, including the creation or changes of Memorandums of Understanding, which must be reviewed and approved by the DOES General Counsel for legal sufficiency, and by the agency’s Contract, Grants and Compliance Office, a new unit established in 2012, and other appropriate managers. This review did not exist at the time of this CTE program and now serves as a key activity to ensure DOES’ written MOUs identify objectives, monitor requirements, and ensures effective enforcement of reporting are included in this major principal guidance document.</p> <p>In July 2012, DOES’ Office of Program Performance Monitoring (OPPM) created additional quality control mechanisms to monitor the following documents to ensure contract files comply with DCMR Title 27, Chapter 12 - Purchase Order (PO) (identifying customer</p> |                  |

|   |   |  |
|---|---|--|
|   | <p>attached to PO), Transmittal Coversheet (Associate Director (AD) initials indicates approval), Procurement Automated Support System (PASS) receipt (indicating receipt of invoice drawing on the associated PO), Vendor invoice document (AD initials/approves), Expense Authorization Form (EAF) (identifies customer, vendor, training cost), System of Accounting and Reporting (SOAR) printout (notes customer, PO, and payment date &amp; amount).</p> <p>In April 2011, OPPM also updated its Program Summary Activity Sheet which captures performance data such as enrollment, attendance, and other performance data. OPPM also visits contractors monthly to ensure performance and reporting outcomes are documented and met.</p> <p>As of July 2012 and moving forward, the documentation required for the approval and authorization of invoice payments has been expanded to include the items listed above, in addition to submission of signed copies of the training customer's time and attendance/progress reports covering the invoicing period. This documentation allows for the confirmation of customer attendance and assists with the monitoring of customer progress throughout the training.</p> |  |
| <p>2. Conduct a review of the invoices submitted by the two cited contractors and take the necessary steps to have UDC and/or the contractor refund any monies paid</p> | <p>Agrees.</p> <p>In early 2011, DOES began a review of invoices for the CTE program as part of follow-up</p>   |  |

|   |  |  |
|---|--|--|
| <p>in excess of allowable charges.</p>  | <p>close-out procedures. This review highlighted irregularities to which OPPM sent multiple communication to UDC requesting recovery of funds. This effort resulted in the recovery of \$75,950 in May 2011.</p> <p>DOES will continue to work with the OCFO to expand on this review and take the necessary steps to have UDC and/or the contractor refund any monies paid in excess of allowable charges.</p>  |  |
| <p>3. For future agreements with UDC, take necessary steps to ensure that UDC establishes necessary internal controls to verify that payments to contractors are in accordance with contract terms and agreements and invoices are reviewed and approved in accordance with OCFO policies and procedures.</p> | <p>Agrees.</p> <p>At this time, it is uncertain if DOES can enter into any MOUs with UDC/CCDC. The Council of the District of Columbia has added a provision in the FY14 Budget Support Act (Bill 20-199), “Subtitle P: University of the District of Columbia Community College Workforce Development Program” that allows funding from DOES to UDC/CCDC without regard to reporting and oversight requirements. However, the Office of the Chief Financial Officer, who issues payments for DOES, continues to opine that fiscal reporting requirements are necessary. Specifically, under section 424(d) of the Home Rule Act, the OCFO has several duties and authorities, including, in subsection (15) “Prescribing the form of receipts, vouchers, bills, invoices, payrolls, and other evidence of claims, demands, or charges against the District government, and determining the regularity, legality, and correctness of such bills, invoices, payrolls,</p> |  |

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|  | <p>claims, demands, or charges. Essentially, the OCFO oversight requirements necessitate that vendors produce valid invoices and/requests for reimbursement.</p> <p>In addition to the added internal controls highlighted in the response to #1 and #2 above, which directly impact any vendor DOES enters into an agreement with, DOES also includes anti-deficiency, compliance and monitoring, terms of payment agreements, the amounts billed and budgets, and annual report provisions to all applicable MOUs.</p> <p>Through DOES's grant-making authority authorized in 2012, DOES will issue competitive grant opportunities to which UDC is welcomed to apply.</p> |  |
| <p>4. Take the necessary actions to recover the \$26,125 in payments made by UDC for goods and services that were not related to programs cited in their MOU with DME.</p> | <p>Agrees.</p> <p>In July 2011, DOES began to itemize the costs for goods and services to ensure that they are related to the programs cited in all applicable MOUs.</p> <p>DOES will work with OCFO to recover the payments identified in this recommendation. DOES/OCFO will issue a letter requesting UDC/CCDC to make payment per this finding and recommendation. This letter will be sent once the final report is issued by DC Auditor. A copy of letter will also be sent to DC Auditor.</p>   |  |

## **Auditor's Response to Agency's Comments**

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The Auditor appreciates the comments provided by the Department of Employment Services (DOES). We are pleased to learn since the completion of the audit, DOES has taken positive steps towards implementing some of the findings and recommendations presented in the report.