

**Performance Audit:
Atlanta Workforce Development Agency**

January 2013

**City Auditor's Office
City of Atlanta**

File #12.02



CITY OF ATLANTA

City Auditor's Office
Leslie Ward, City Auditor
404.330.6452

January 2013

Why We Did This Audit

We undertook this audit at the request of the Atlanta City Council, which requested information on the effectiveness and efficiency of the agency's operations and verification of the number of clients who use its services and receive training and job placement. City Council also requested that we review prior audits and reviews of the agency.

What We Recommended

To reduce performance and compliance risk, the mayor and city council should consider discontinuing the AWDA; 57% of AWDA's clients over the period we reviewed lived outside of the city, and similar services are provided by workforce development agencies in Fulton and DeKalb counties and by the Atlanta Regional Commission. If officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, the chief operating officer should:

- Exercise additional oversight of the agency by including AWDA in its ATLStat program, overseeing agency responses to state and federal program monitors, and following up on corrective actions.
- Work with the AWDA Board to procure a consultant to assist the agency in revising its processes to use existing systems to collect and report complete, accurate, reliable, and timely information.

If the agency continues, the chief information officer should:

- Ensure that personally identifiable information maintained in AWDA information systems is protected.

For more information regarding this report, please contact Stephanie Jackson at 404.330.6678 or sjackson@atlantaga.gov.

Performance Audit:

Atlanta Workforce Development Agency

What We Found

AWDA has no systematic information on performance outcomes for 88% of clients entered into AWDA's client tracking database. AWDA registers only about 12% of its clients into the state system that allows the state to monitor employment outcomes. State performance reports, therefore, are based on a small subset of clients and provide stakeholders an incomplete assessment of AWDA's effectiveness.

Because most services provided by AWDA are lower-level core services, agency spending primarily supports staff and is not tied to individual clients, which increases compliance risks. Under the federal Workforce Investment Act, core services such as providing information about job vacancies, career options, student financial aid, relevant employment trends, and instruction on how to conduct a job search, write a resume, or interview with an employer, are to be available to jobseekers meeting minimum eligibility requirements and do not require registration into the state tracking system. Unlike core services, recipients of intensive or training services are required to be registered in the state workforce system. Discrepancies between client records in AWDA's database and the state system indicate a risk that not all clients who should be entered into the state system have been entered.

State and federal auditors have also raised concerns about inability to reconcile financial information, and program reviews have questioned records documenting client eligibility. Neither the state system nor AWDA's database contains information to match expenses to clients. AWDA's inability to reconcile grant expenditures with other city reports and budgets has been a long-standing concern.

AWDA does not reliably track employers in either the state system or in its own database. The agency therefore lacks information on the extent to which employers participating in job fairs, in the city's First Source program, or in subsidized on-the-job training have hired AWDA clients. AWDA's database contains records of employment subsequent to the client's initial visit for only about 5% of clients. Because we found AWDA's data to be incomplete and partly unreliable, we conclude that long-term outcome evaluation of their current data is not feasible or cost effective.

AWDA's client tracking database stores unencrypted personally identifiable information, such as social security numbers and birth dates, which also poses significant risk.

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: To reduce performance and compliance risk, the mayor and city council should consider discontinuing the AWDA.

Response & Proposed Action: Response is forthcoming.

Timeframe:

Recommendation #2: If officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, the chief operating officer should exercise additional oversight of the agency by including AWDA in its ATLStat program, overseeing agency responses to state and federal program monitors, and following up on corrective actions.

Response & Proposed Action: Response is forthcoming.

Timeframe:

Recommendation #3: If officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, the chief operating officer should work with the AWDA Board to procure a consultant to assist the agency in revising its processes to use existing systems to collect and report complete, accurate, reliable, and timely information.

Response & Proposed Action: Response is forthcoming.

Timeframe:

Recommendation #4: If the agency continues, the chief information officer should ensure that personally identifiable information maintained in AWDA information systems is protected.

Response & Proposed Action: DIT will perform a vulnerability analysis of the AWDA system. We will apply and enforce the city's password integrity controls. We will also limit access to the system and network share, which holds client eligibility and program support documentation. The Access databases that were used as part of the initial migration will be archived and removed from the server.

Agree

Timeframe: 4-6 months



CITY OF ATLANTA

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January 30, 2013

Honorable Mayor and Members of the City Council:

We undertook this audit of the Atlanta Workforce Development Agency at the audit at the request of the Atlanta City Council, which requested information on the effectiveness and efficiency of the agency's operations and verification of the number of clients who use its services and receive training and job placement. City Council also requested that we review prior audits and reviews of the agency.

AWDA provided services to 25,310 clients from July 1, 2010, through May 15, 2012. Most of these clients lived outside of the city limits. AWDA has no systematic information on performance outcomes for the majority of clients entered into its client tracking database and registers only a small percentage of its clients into the state system that allows the state to monitor employment outcomes. Neither AWDA nor the state's system ties clients to expenses or enables AWDA to reliably track employers. Also, AWDA's system stores unencrypted personally identifiable information, such as social security numbers and birth dates, which poses significant risk.

We provided a copy of the report draft to the chief operating officer, the AWDA executive director, and the chief information officer in October 2012 for review and comment. Our recommendations to the chief operating officer focus on assessing whether it is feasible to continue the AWDA, and if so, suggest increasing oversight of the agency and assisting it in devising ways to collect and report complete, accurate, reliable, and timely information. We also recommend that the chief information officer ensure that personally identifiable information maintained in AWDA information systems is protected, if the agency is to continue. We received comments from the executive director and addressed them through revisions to the draft report. A response from the chief operating officer is forthcoming.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of

city staff throughout the audit. The team for this project was Sterling Thomas, Rhonda Sadler, and Stephanie Jackson.



Leslie Ward
City Auditor



Fred Williams
Audit Committee Chair

Atlanta Workforce Development Agency

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Introduction

We conducted this performance audit of the AWDA (Atlanta Workforce Development Agency) pursuant to Chapter 6 of the Atlanta City Charter, which establishes the City of Atlanta Audit Committee and the City Auditor's Office and outlines their primary duties. The Audit Committee reviewed our audit scope in June 2012.

A performance audit is an objective analysis of sufficient, appropriate evidence to assess the performance of an organization, program, activity, or function. Performance audits provide assurance or conclusions to help management and those charged with governance improve program performance and operations, reduce costs, facilitate decision-making and contribute to public accountability. Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal controls; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information.¹

City Council requested an audit of the AWDA in Resolution No. 12-R-0216. Council members requested information on the effectiveness and efficiency of the agency's operations and verification of the number of clients who use its services and receive training and job placement. City Council also requested that we review prior audits and reviews of the agency.

Background

AWDA is a bureau within the Executive Offices of the Mayor, according to Section 2-195 of the city code. Its goal is to connect local residents seeking employment and training with local businesses seeking to build an effective workforce. The agency provides education, training, career planning, and career placement services to city of Atlanta youth, adults, and dislocated workers. AWDA is also a 501(c)(3) non-profit organization. Staff told us that the agency obtained non-profit status to accept private donations, primarily for the Mayor's Youth Program.

The agency's current structure was created in response to the 1998 WIA (Workforce Investment Act). WIA was intended to consolidate, coordinate, and improve employment, training, literacy, and vocational

¹Comptroller General of the United States, *Government Auditing Standards*, Washington, DC: U.S. Government Accountability Office, 2011, p. 17-18.

The City of Atlanta is the only designated area that is a city and not a county. During the initial area designations, nine areas in Georgia received automatic temporary designation as local workforce investment act areas for two years. The temporary designation was granted by the Governor to areas that had previously served as job training partnership act delivery areas; had a population of 200,000 or more; and had performed successfully and sustained financial integrity in the two years prior to the request. The Governor subsequently extended designation for all nine areas after the local board chairperson and the chief elected officials affirmed their desire to continue their designation. In Georgia, no area that requested designation was refused designation.

The Governor considered the following when designating the 20 local workforce areas:

- the 12 State Service Delivery Regions as established by state law
- geographic areas served by local educational agencies and intermediate education agencies
- geographic areas served by post-secondary education institutions and area technical schools
- the extent to which the local areas were consistent with labor market areas
- the distance individuals would need to travel to receive services
- the resources available to effectively administer the activities carried out under title I of the Workforce Investment Act.

The Atlanta Workforce Development Board designated AWDA as a WIA One-Stop Career Center for city of Atlanta residents. The board is tasked with providing strategic direction, guidance, and performance oversight for AWDA, as well as developing strategic work plans for workforce development and focusing on opportunities for streamlining and improvement. Board members are appointed by the mayor.³ AWDA's executive director reports to the chief operating officer. WIA categorizes services provided by One-Stop Career Centers as core, intensive, or training, with different eligibility requirements for the different levels of service:

- **Core services** - include outreach, job search and placement assistance, and labor market information available to all job seekers. Core services can be self-directed - available to clients who wish to conduct an independent job search using resources such as computers with internet access, fax and copy machines, online job search and career exploration resources, and online filing for unemployment benefits. Core services can also include services that

³Ordinance No. 98-O-1839.

require some staff assistance, including job referral, workshops and resume review.

AWDA provides core services to any individual who registers with its agency. Clients can either register online from a remote location, at the agency using computers in the resource center, or staff can enter clients into the database during an in-person consultation. AWDA staff obtains minimal information for clients requesting core services. These include use of the resource library and a clothing closet stocked by corporate and private donations. AWDA hosts a job fair every Tuesday from 8:00 a.m. to 11:00 a.m., also part of core services.

- **Intensive services** - include more comprehensive assessments, development of individual employment plans, counseling, and career planning. Individuals are eligible for intensive services if they are unemployed and are unable to obtain employment through core services, or are deemed to need intensive services to retain current employment.
- **Training services** - include both basic skills and occupational training. Centers allow eligible clients to select an appropriate training program from a qualified training provider - primarily technical colleges, authorized proprietary schools, and other grant partners. Individuals who are eligible for intensive services and are not able to obtain or retain employment can access training services. Staff collects additional information to determine eligibility for WIA services if a client requests intensive or training services.

AWDA also operates a cafeteria on-site, which serves as a food service training program, and operates a childcare center for children aged six weeks to pre-K for a fee of \$100 per week per child. Both the cafeteria and the childcare center are available to any of AWDA's clients.

Grants cover three different client populations:

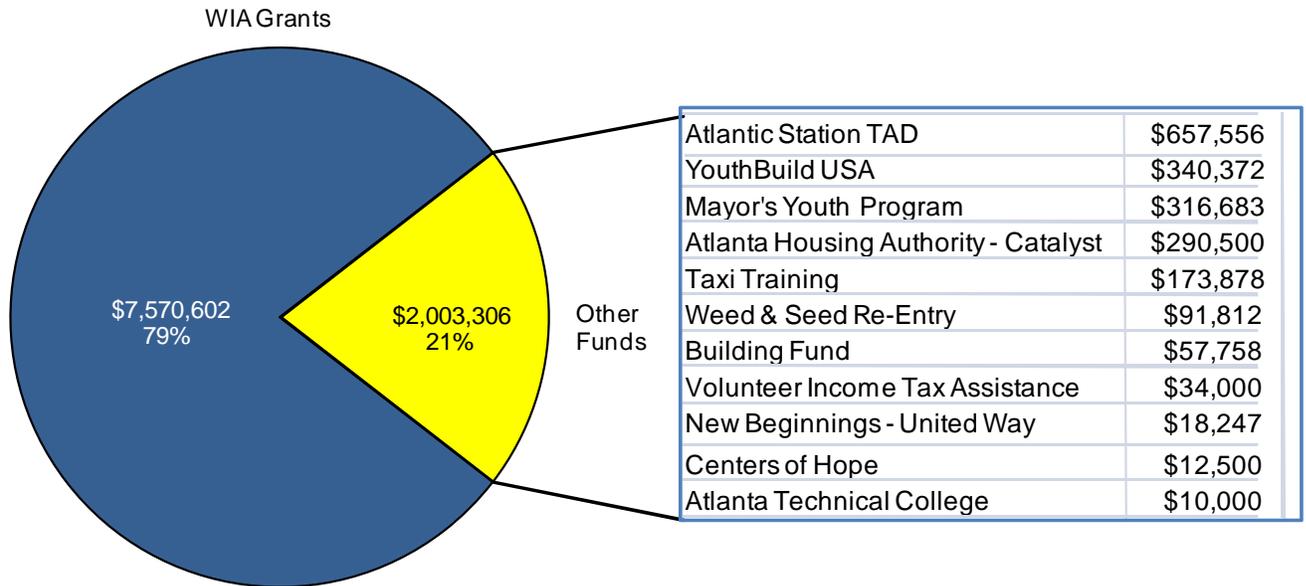
- **WIA Adult.** Individuals 18 years of age or older, U.S. citizen, and selective service registrant if applicable. If funds are limited, applicants who receive public assistance and other low-income individuals receive priority for intensive and training services.
- **WIA Dislocated Worker.** Individuals who meet general adult eligibility requirements - 18 years or older, U.S. citizen, selective service registrant if applicable, **and** meets one of the following:

- has been terminated, laid off, or who has received a layoff or termination notice, and eligible for unemployment or exhausted benefits or unlikely to return to previous occupation
 - employed at a facility that has announced it will close within 180 days
 - self-employed but unemployed as a result of economic conditions or natural disasters
 - a displaced homemaker, defined as a person who has been dependent on the income of another family member but is no longer supported by that income, and is unemployed or underemployed and is experiencing difficulty obtaining or upgrading employment
- **WIA Youth.** Provides education, work experience, and summer employment to youth ages 14-21 who are low income **and** meets one or more of the following:
 - deficient in basic literacy skills
 - school dropout
 - homeless, runaway, or foster child
 - pregnant or parenting youth
 - offender, defined as a juvenile who needs assistance overcoming barriers to employment resulting from an arrest or conviction record, or who has been subject to any stage of the criminal justice process and may benefit from WIA services
 - requires additional assistance to complete an educational program, or to secure and hold employment

AWDA Is Funded Primarily with Workforce Investment Act Grant Funds

Most of AWDA's operations and programs are funded by WIA grants. As shown in Exhibit 2, WIA grants make up almost 80% of the agency's current funding. The remaining 21% of the agency's fiscal year 2012 expenses are funded from 11 additional public and private funding sources, described after Exhibit 2. Fiscal year 2012 appropriations totaled \$9.6 million. Although all AWDA funding sources and expenditures are recorded in the city's Oracle financial system, the agency is not established in the system as an organizational unit, as are other city departments and units within departments.

Exhibit 2 AWDA Fiscal Year 2012 Appropriations



Source: WIA grant documents obtained from Atlanta Workforce Development Agency staff.

AWDA provides programs and services through other grants, partnerships, and private donations, including:

- Atlantic Station Tax Allocation District** - The Atlantic Station Developer agrees to pay AWDA \$1.1 million to provide occupational training (primarily construction) to people seeking employment within the TAD. The \$1.1 million includes \$1 million for direct services and \$100,000 for AWDA’s administrative expenses. According to AWDA management, the funds spent under this program were not used within Atlantic Station because the project was completed, and were used instead for clients who did not meet WIA eligibility requirements. City finance staff said they planned to work with AWDA to replace the TAD funds spent for other purposes.
- YouthBuild USA** - Helps youth ages 16-24 earn a GED while receiving on-the-job training in construction as they assist in building and renovating homes in Atlanta. YouthBuild USA is a grant through the federal Department of Labor.
- Mayor’s Youth Program** - Provides employment and job training opportunities and career development services to Atlanta Public

School graduates, children of City of Atlanta employees, and city residents between the ages of 14-21.

- **Atlanta Housing Authority Catalyst Program** - The AHA (Atlanta Housing Authority) provides funding for AWDA to provide adult literacy and life skills preparation for up to 90 AHA-assisted families annually. AHA implemented the program in response to the TANF (Temporary Assistance for Needy Families) program, which requires adults receiving assistance to engage in employment activities and develop the capacity to support themselves before their assistance expires.
- **Ambassador Training Program (Taxi Training)** - AWDA developed the program for the Atlanta Vehicle for Hire Industry. The training is required for the city's taxi driver certification. The program is funded by fees charged to program participants.
- **Weed & Seed Re-Entry** - AWDA partners with the Mayor's Office of Weed & Seed to assist offenders reintegrating into the community by providing life skills needed to succeed with a focus on vocational training, education, and employment.
- **Building Fund** - AWDA uses rental fees from tenants in its Pollard Street building to finance its building repairs.
- **Volunteer Income Tax Assistance (VITA)** - AWDA partners with the Mayor's Office of Weed & Seed, Atlanta Prosperity Council and the IRS (Internal Revenue Service) to provide volunteer income tax assistance, funded by federal grant funds. IRS-certified and trained volunteers help prepare basic tax returns at no charge for low to moderate income individuals.
- **New Beginnings - United Way** - Funded by a grant from United Way, AWDA provides job training and placement assistance for 12 months to 50 chronically homeless individuals (single adults) that will lead to unsubsidized employment. The program serves 10 people at a time.
- **Centers of Hope** - AWDA serves as the pass through agency for donations to improve programs at the city's recreational centers.
- **Atlanta Technical College** - Funding is provided by the college to subsidize a staff person to assist youth involved in the Mayor's Youth Program.

AWDA's expenses largely consist of staff and consultant costs. AWDA's organizational chart shows 26 full-time city employees. The agency also

hires contractors to provide services to its clients. AWDA’s staff costs are paid primarily from WIA funds. AWDA budgeted 81% of its personnel expenses from WIA funds for fiscal year 2012; 30% of that amount was from the WIA Adult grant.

In fiscal year 2011, AWDA spent \$11.7 million. Of that total, \$6.8 million was spent from WIA funds, as shown in Exhibit 3, with the remaining amounts from ARRA and other grants, partnerships, and private donations.

Exhibit 3 AWDA’s Fiscal Year 2011 Expenses

Fund Source	Total Award Amount	FY2011 Budget	FY2011 Expenses
American Recovery and Reinvestment Act (ARRA)	\$8,945,336	\$4,312,851	\$3,982,954
Workforce Investment Act - Adult	\$5,672,092	\$3,863,176	\$3,282,754
Workforce Investment Act - Dislocated Worker	\$2,804,760	\$1,651,764	\$1,136,657
Workforce Investment Act - Youth	\$6,388,424	\$3,968,700	\$2,377,605
Other	\$1,328,984	\$2,003,366	\$948,153
WIA Subtotal	\$14,865,276	\$9,483,640	\$6,797,016
Total	\$25,139,596	\$15,799,857	\$11,728,124

Source: Program summary spreadsheet obtained from Atlanta Workforce Development Agency staff.

AWDA is required to compile and maintain a first source register to fill entry level jobs. The city’s First Source Jobs Policy, outlined in Sections 2-1651 through 2-1657 of the city code, requires any company that holds a contract with the city totaling \$20,000 or more to make a “good faith effort” to use the first source register to fill 50% of its entry-level positions. It also applies to beneficiaries (immediate recipients) of at least \$25,000 in industrial revenue bonds, commercial or industrial abatement, urban redevelopment action grants or community development block funds administered or controlled by the city, including the economic development corporation and urban residential finance authority. The requirement applies to companies and benefitting entities with 15 or more employees. The code requires the Office of Contract Compliance to ensure that employers comply with the policy. According to AWDA, the city has not allocated funding to implement the First Source policy.

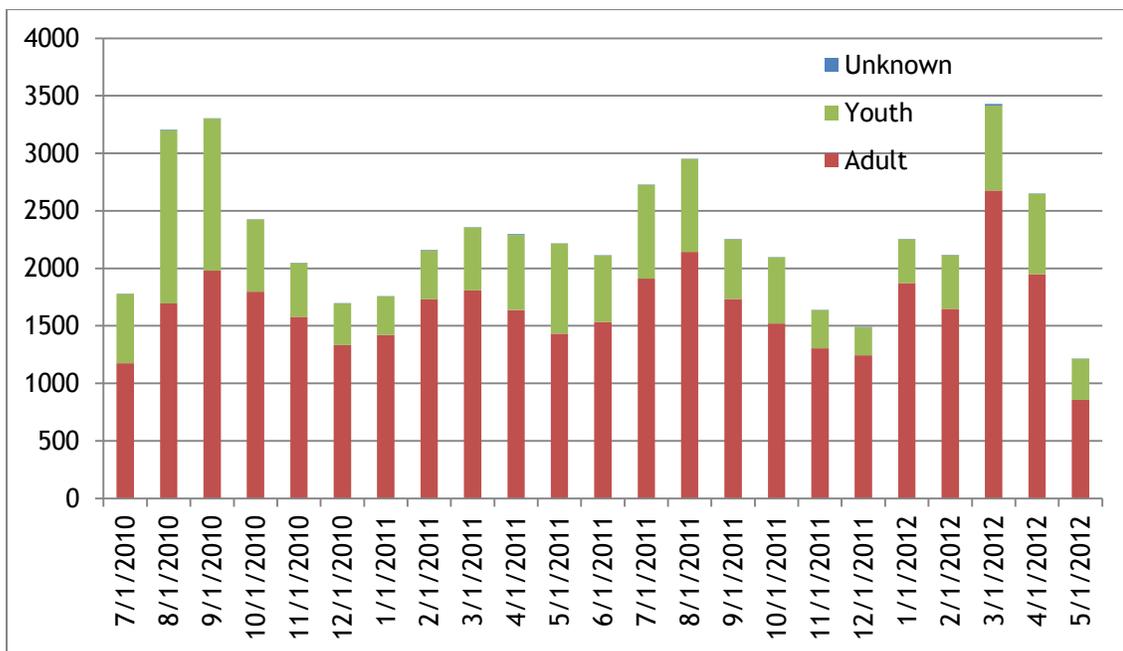
AWDA Serves about 2,300 Clients Each Month; Most Are Non-Residents

AWDA served about 25,000 clients from July 1, 2010, through May 15, 2012. Most clients were adults - the average client was 35 years old.

African- American clients made up 86% of AWDA’s general client population. Over half of AWDA’s clients resided outside of the city limits. Most clients receive core services only. Although there are roughly the same percentage of male and female clients receiving services, the majority of clients who received intensive services were male and more females received training services.

AWDA served an average of 2,270 clients per month. AWDA provided services to 25,310 clients from July 1, 2010, through May 15, 2012 (see Exhibit 4). During the same time period 30,437 clients were entered into AWDA’s internal database for the first time, which means that about 5,000 clients registered in the database never received direct services. About 70% of the clients served were adults. The monthly average includes clients who received services in more than one month.

Exhibit 4 AWDA Clients Served by Month, July 1, 2010, through May 15, 2012



Source: Compiled by audit staff from AWDA’s internal database.

AWDA has generally an equal percentage of male and female clients. Most clients received core services only. Of 25,310 clients, 20,738 received core services, whereas 7,487 received intensive and 1,755 received training services. If eligible, clients may receive all three services. While about half of AWDA’s overall client population was male and half were female, more women received training services and more men received intensive services (see Exhibit 5). The median age of AWDA’s clients was 32. Clients who received intensive and training

services were younger, with median ages of 28 and 22 respectively. Most clients (86%) were of Black or African-American descent.

Exhibit 5 AWDA Client Demographics, July 1, 2010, through May 15, 2012

	General Population		Core Service		Intensive Services		Training	
Number of clients	25,310		20,738		7,487		1,775	
Age								
Minimum	13		15		16		16	
Median	32		33		28		22	
Average	35		35		32		29	
Maximum	91		91		81		70	
Ethnicity								
American Indian/Alaska Native	69	0.3%	58	0.3%	14	0.2%	4	0.2%
Asian Pacific	134	0.5%	99	0.5%	29	0.4%	5	0.3%
African American	21,867	86.4%	18,578	89.6%	6,422	85.8%	1,704	96.0%
Hispanic/Latino	199	0.8%	152	0.7%	77	1.0%	3	0.2%
Native Hawaiian	5	0.0%	4	0.0%	1	0.0%	13	0.7%
Other	413	1.6%	254	1.2%	96	1.3%	15	0.8%
White/Caucasian	963	3.8%	639	3.1%	524	7.0%	0	0.0%
Not Reported	1,660	6.6%	954	4.6%	324	4.3%	31	1.7%
Gender								
Male	12,466	49.3%	9,960	48.0%	3,817	51.0%	684	38.5%
Female	12,491	49.4%	10,560	50.9%	3,631	48.5%	1,089	61.4%
Not Reported	353	1.4%	218	1.1%	39	0.5%	2	0.1%

Source: Compiled by audit staff from AWDA's internal database.

Most of AWDA's clients reside outside of the city limits. Of the 30,437 clients who registered in AWDA's database during our review period, 17,471 (57.4%) resided outside of the city limits. As shown in Exhibit 6, 11,958 (39.3%) of clients lived within city limits.

Exhibit 6 AWDA Client Residency, July 1, 2010, through May 15, 2012

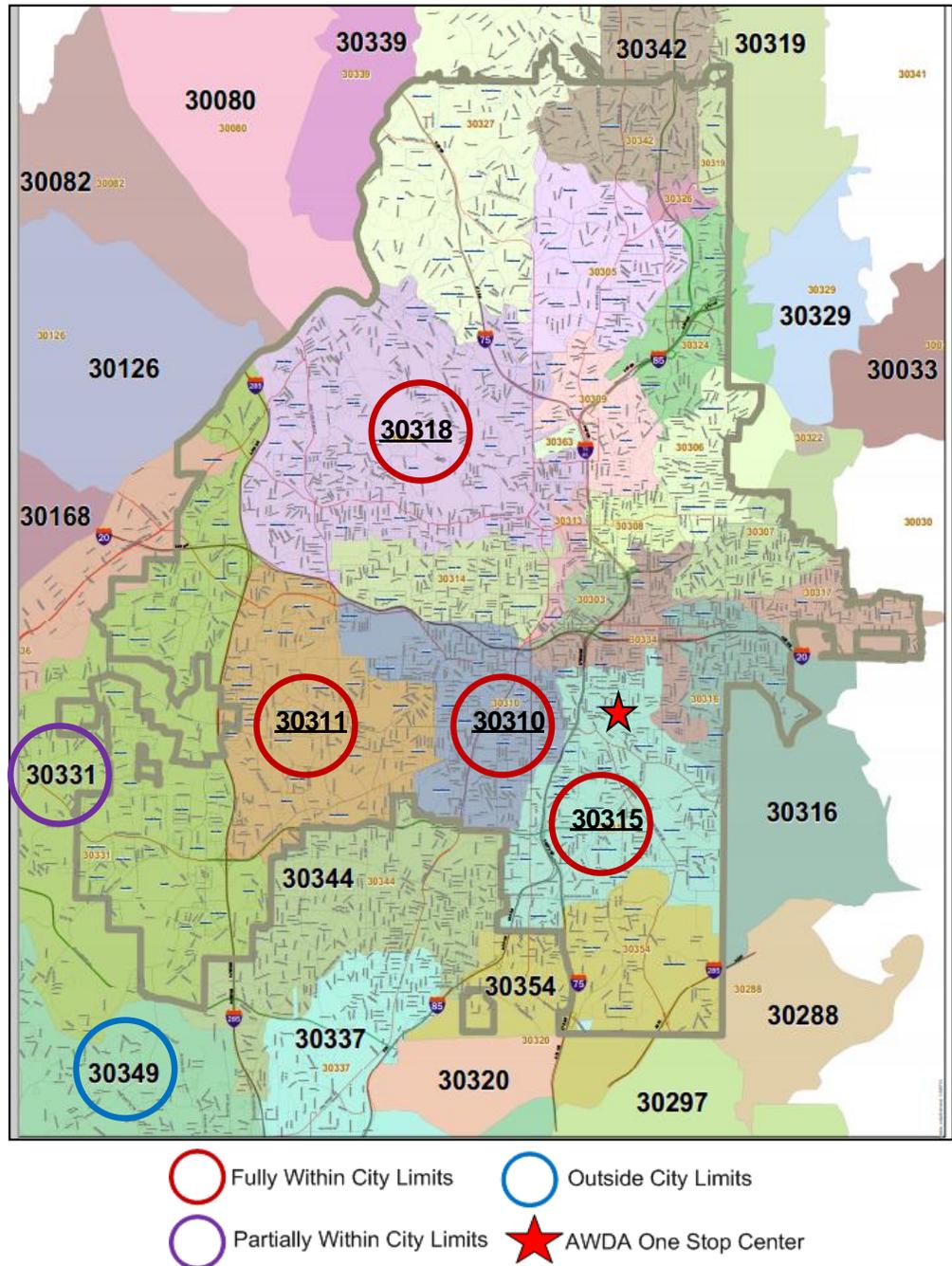
AWDA Client Residency	Number of Clients	Percent
Within City Limits	11,958	39.3%
Outside City Limits	17,471	57.4%
Unknown Zip Codes	1,008	3.3%
Total	30,437	100%

Source: Compiled by audit staff from AWDA's internal database.

The largest number of clients reported living in zip code 30315, where AWDA is located. Exhibit 7 shows the top six reported client zip codes,

circled on the map. Four are located fully within city limits, one is partially within the city, and one is located outside of city limits. The third highest overall reported zip code, 30349, is outside of city limits. The South Fulton Career Center for Fulton County, within the county's Office of Workforce Development, is located in the 30349 zip code.

Exhibit 7 AWDA Client Map



Source: Compiled by audit staff from AWDA's internal database and GIS mapping data from the City of Atlanta Department of Planning.

AWDA tracks client information with an internal database and enters client information separately into a state system. The agency created its internal database to mirror the state client tracking system, called the Georgia Workforce System, to facilitate reporting and document retention and retrieval. AWDA staff told us that every client served is entered into the internal database, but only clients receiving intensive or training services are entered into the state system. The Georgia Workforce System is maintained by the Georgia Department of Labor and is integrated with other state systems, such as wage unemployment insurance.

The US Department of Labor has developed streamlined performance measures, called common measures, to facilitate consistent reporting by workforce agencies. The common measures ensure that agencies can easily report outcomes based on the core purposes of the workforce system including: how many people found jobs; whether they stayed employed; and what they earned (see Exhibit 8). Georgia is one of 44 states granted a waiver to report only the common measures starting in program year 2011. Federal guidance notes that the common measures provide only part of the information necessary to oversee the workforce investment system effectively.

Exhibit 8 WIA Common Measures for Performance Reporting

<u>Adult Measures</u>	<u>Youth Measures</u>
<ul style="list-style-type: none"> • Entered Employment • Employment Retention • Average Earnings 	<ul style="list-style-type: none"> • Placement in Employment or Education • Attainment of a Degree or Certificate • Literacy and Numeracy Gains

Source: Training and Employment Guidance Letter No. 17-05, p. 5

Audit Objectives

This report addresses the following objectives:

- Who receives services provided by the Atlanta Workforce Development Agency?
- What issues have been identified in previous audits and reviews of the Agency's programs and services?
- How reliable are the systems used by the Agency to track and report the number of clients served, funds spent, and outcomes achieved?

The intent of the audit is also to examine the feasibility of long-term outcome and evaluation of Atlanta Workforce Development's programs and services.

Scope and Methodology

We conducted this performance audit 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.

Our analysis focused on AWDA's client information from July 1, 2010, through May 15, 2012. We reviewed agency funding sources and expenses for fiscal year 2011 and fiscal year 2012 appropriations. Our audit methods included:

- interviewing the AWDA management and staff to understand the services the agency provides
- reviewing the Workforce Investment Act of 1998 to understand the statutory requirements for service delivery
- reviewing the agency's policies and procedures for implementing the Workforce Investment Act and other programs
- compiling and reviewing client data from the agency's internal database and the Georgia Workforce System database

- reviewing previous audit findings to document program risk areas
- reviewing grant documents to understand funds allocation
- reviewing the city’s financial system (Oracle), the Georgia Workforce System database, and AWDA’s internal database and documentation to understand how client expenses are recorded and tracked
- reviewing the city’s financial system and AWDA’s records to understand how the agency tracks its employer partners and arranges for work experience and training opportunities for its clients with those employers

We did not audit the agency’s governance structure but note that there is some risk that oversight responsibilities are unclear. We base this observation on ambiguity of AWDA’s organizational status in city government and apparent lack of clarity in the respective roles of the Workforce Development Board and the mayor’s Executive Offices.

We omitted specific information from this report related to indications of potential fraud and/or abuse so as not to interfere with potential investigation. We referred this information to an external investigative agency and notified the audit committee, the city’s chief operating officer and compliance officer of the referral, in accordance with audit standards.⁴

⁴ Comptroller General of the United States, *Government Auditing Standards*, Washington, DC: U.S. Government Accountability Office, 2011, pgs. 165 and 170.

Findings and Analysis

Performance and Compliance Risks Limit AWDA's Ability to Accomplish Mission

AWDA has no systematic information on performance outcomes for 88% of clients entered into AWDA's client tracking database. AWDA registers only about 12% of its clients — those receiving intensive or training services — into the state system that allows the state to monitor employment outcomes. State performance reports, therefore, are based on a small subset of clients and provide stakeholders an incomplete assessment of AWDA's effectiveness. AWDA tracks the number of clients it serves in its own database but does not systematically track employment outcomes.

AWDA's stated mission is to align services and training with employers' needs to better match jobseekers to employers. Without reliable information about employment outcomes and employers, it is not possible for AWDA or its stakeholders to assess how well AWDA's strategies are working.

Because most services provided by AWDA are lower-level core services, agency spending primarily supports staff and is not tied to individual clients, which increases compliance risks. Discrepancies between client records in AWDA's database and the state system indicate a risk that not all clients who should be entered into the state system have been entered. State and federal auditors have also raised concerns about inability to reconcile financial information, and program reviews have questioned records documenting client eligibility. Because we found AWDA's data to be incomplete and partly unreliable, we conclude that long-term outcome evaluation of their current data is not feasible or cost effective.

Over Half of AWDA's Clients Receive Only Core Services

AWDA records show that most clients receive core services funded through federal workforce investment grants overseen by the state. These services are intended under the federal act to be accessible to anyone with minimal eligibility requirements. Unlike core services, recipients of intensive or training services are required to be registered in the state workforce system. Registration is the process that determines client eligibility for more intensive service and creates records for performance accountability. AWDA's lack of standard service

definitions and discrepancies between its client records and information entered into the state system indicate risk of noncompliance with registration requirements, which could result in questioned costs and repayment of grant funds.

AWDA registered 3,660 clients into the state workforce system over the period we reviewed, amounting to about 12% of clients recorded in its database. Because AWDA's database lacks standard service definitions and does not categorize services as core, intensive, or training, we asked staff to categorize its services. AWDA's categorization shows that 30% of clients received an intensive service in AWDA's tracking database - more than twice as many as AWDA registered in the state workforce system.

AWDA provides more core services than any other service type.

According to AWDA records, about 56% of AWDA's clients received only core WIA services over the nearly two years that we reviewed. Under the federal act, core services such as providing information about job vacancies, career options, student financial aid, relevant employment trends, and instruction on how to conduct a job search, write a resume, or interview with an employer, are to be available to jobseekers meeting minimum eligibility requirements and do not require registration into the state tracking system. In fiscal year 2011, 77% of AWDA clients received at least one core service. In fiscal year 2012, 87% of AWDA clients received at least one core service.

Participation in a job fair and use of the resource library were the core services most often provided. Exhibit 9 shows the percent of clients receiving the most frequently provided types of services in fiscal years 2011 and 2012. We excluded 23 service types that staff characterized as administrative from our analysis. On average, AWDA clients received 3.6 services each. Because clients receive more than one service, the sum of percentages in Exhibit 9 exceeds 100 percent. Additionally, the total of clients receiving the most frequent services can be higher than the total for the service category because clients receive multiple services. Clients could also receive services in more than one fiscal year, so the sum of clients per year exceeds the total number of people served.

About 9% of clients received only services funded by a source other than a workforce investment grant; 46% of clients receiving other (non-WIA-funded) services also received at least one WIA-funded service. Despite AWDA's partnerships with Invest Atlanta, the BeltLine, and Atlantic Station, records show that only 16 clients received an employment service related to the BeltLine. The database shows no record of services related to Atlantic Station.

Exhibit 9 Total Clients Receiving Service Types Identified in AWDA's Client Tracking Database, Fiscal Years 2011 and 2012

Services Provided		Fiscal Year			
		2011	Percent	2012	Percent
Distinct Client Identification Numbers		15,260		14,639	
Core	Total	11,760	77.1%	12,598	86.1%
	Job Fair	5,135	33.7%	4,624	31.6%
	Orientation	1,955	12.8%	1,915	13.1%
	Resource Library	1,819	11.9%	4,713	32.2%
	Registration	1,489	9.8%	3,090	21.1%
Intensive	Total	5,002	32.8%	3,478	23.8%
	Case Management	4,548	29.8%	2,989	20.4%
	Test for Adult Basic Education	716	4.7%	495	3.4%
	Marta Card Issued	411	2.7%	210	1.4%
	Individual Service Strategy Initial Review	267	1.8%	3	>0.1%
Training	On-the-job Training Contract	151	1.0%	156	1.1%
	Total	1,465	9.6%	453	3.1%
	Work Experience/Assignment	565	3.7%	214	1.5%
	Individual Training Account Approval	352	2.3%	4	>0.1%
Other Non-WIA Services	Total	3,258	21.4%	1,606	11.0%
	AHA-Catalyst	1,495	9.8%	731	5.0%
	Taxi	793	5.2%	566	3.9%
	Mayor's Youth	448	2.9%	61	0.4%
	Earned Benefits	355	2.3%	159	1.1%

Source: Compiled by audit staff from AWDA's client tracking database

Discrepancies between AWDA client records and the state system indicate risk of noncompliance. Based on staff's categorization, AWDA's records show that about 7,500 clients received intensive services with about 1,780 clients receiving training services over the last two years. Clients receiving training services should also have received an intensive service, such as an individual assessment, before entering training. Over the same period, AWDA registered 3,660 clients into the state workforce system. According to federal regulations, registration is the process for collecting eligibility information and signals when program participants are counted in federally mandated performance measures. Clients receiving intensive and training services and all youth must be registered in the state workforce system.

The discrepancy between the number of clients recorded in AWDA's database who received services that staff identified as intensive and the

number of clients registered into the state system indicates a risk AWDA is failing to comply with registration requirements. AWDA's database lists 212 unduplicated service types during our review period, which lack standard definitions and do not distinguish between levels of services as defined in the federal workforce investment act. We asked staff to categorize the services into the WIA service level categories. It is possible that staff assigned higher service levels for the purpose of our analysis, but the lack of standard service definitions itself poses a risk of noncompliance.

Previous reviews have questioned compliance. Failure to comply with requirements could result in questioned costs and repayment of grant funds. The city, not AWDA, is responsible for the repayment of grant funds that are questioned. The Georgia Department of Labor cited several operational deficiencies in its most recent program review dated December 2011, including lack of eligibility documentation and a high rate of reporting errors. The city's annual audits of federal grant expenditures have repeatedly raised concern with AWDA's inability to reconcile its expenditures with other city reports.

Neither the State nor AWDA Measure Core Service Effectiveness

The Workforce Investment Act exempts most core services from mandated performance measures. Although the federal government encourages states and One-Stops to collect information about customer outcomes and satisfaction with the quality of service, neither the state nor AWDA measures the effectiveness of core services. Because the majority of AWDA clients receive only core services, AWDA has no information on performance outcomes for most of its clients.

Federal guidance issued in 2006 distinguishes between self-directed and informational core services provided under workforce investment grants, which are excluded from mandated performance measures, and staff-assisted core services, which are supposed to be included. While Georgia's Uniform Workforce Investment Plan provides examples of core services categorized as information, self-service, and staff-assisted, the state has not required its sub-recipients to identify different levels of core services. AWDA's policies and procedures differentiate among levels of core services provided, but staff does not register clients receiving staff-assisted core services in the state workforce system. **AWDA cannot assess performance for most of the people it serves.** AWDA captures little employment information in its tracking database. The database contained an employment record after the initial client visit for 468 of the 14,181 clients who received only core services. Because these clients are not entered into the state workforce system,

the quarterly reports verifying client employment in state wage databases do not include employment outcomes for the largest segment of AWDA's clients. Consequently, City Council and other stakeholder requests for information either cannot be addressed or the reported information will likely be incomplete. The state has yet to require AWDA to track outcomes for core services, but the Georgia Department of Labor has questioned the effectiveness of AWDA's service delivery strategy. Program monitors with the state Department of Labor commented that AWDA should concentrate on providing more intensive and training services rather than core services.

AWDA core services include both self-service and staff assisted services. The Workforce Investment Act distinguishes between core self-service and staff assisted/staff involvement core services. All core services are supposed to be universally accessible, but those services that require significant staff-assistance, such as follow-up services, individual job development, job clubs and screened referrals require registration under title I of the act. According to federal regulations, "this interpretation preserves the goal of universal access and makes the services delivery process as customer-friendly as possible, consistent with the legislative requirements of performance accountability."

AWDA's policies and procedures differentiate between "core" and "other core" services. According to AWDA, core services not requiring registration include: determination of eligibility, labor market information, and internet browsing. Other core services that require registration in AWDA's client tracking database include job fairs and clothes closet, but staff does not register clients who receive only these services into the state system. Georgia Department of Labor staff told us that most local entities do not register clients receiving core services. Client registration in Georgia has been effectively limited to intensive and training services, despite the federal guidance.

The state tracks employment outcomes for registered clients. Outcomes for clients registered in the state workforce system are tracked at the 1st, 2nd, and 3rd quarters after a client exits from the WIA program. The state workforce system interfaces with unemployment insurance wage data to track employment outcomes. The state provides AWDA a quarterly report of its performance. Since the reports are based on a small subset of clients, they provide an incomplete assessment of AWDA's effectiveness.

AWDA tracks no outcomes for the non-WIA services. In addition to the services provided under the Workforce Investment Act, AWDA provides services to eligible individuals based on partnerships with other agencies.

There is no evidence that AWDA creates consistent reports for these other programs with the exception of the Atlanta Housing Authority Catalyst program. AWDA provides general updates regarding all of its programs in its Annual Report, but the updates fail to describe the number of clients being served and provide no quantifiable outcomes.

AWDA Does Not Systematically Track Employers

AWDA does not reliably track employers in either the state system or in its own database. The agency therefore lacks information on the extent to which employers participating in job fairs, in the city's First Source program, or in subsidized on-the-job training, have hired AWDA clients. AWDA's database contains records of employment subsequent to the client's initial visit for only about 5% of clients.

AWDA paid about \$1.6 million to subsidize on-the-job training at 42 companies in fiscal years 2011 and 2012. AWDA registered 341 clients in the state system over this period as receiving on-the-job training. The system shows that about 22% of the subsidized workers were retained as full-time employees after the subsidy ended, however, employment data appears to be incomplete. Although AWDA's data entry apparently complies with the current minimum state requirements, many fields in the state system that are intended for agency use, such as end of service employer, exit employer, training occupation and exit employment occupation are most often left blank. Because the federal government has granted the state a waiver exempting it from including on-the-job-training participants in mandated performance measures, we can't tell how many participants were employed. Also, without accurate information about employers and client occupation, it is not possible to assess whether clients attained employment related to the training they received. AWDA allocated about \$808,000 in training vouchers for 377 clients over fiscal years 2011 and 2012.

AWDA needs complete and accurate records to assess the effectiveness of its programs. Existing AWDA records show that the City of Atlanta is the only employer participating in the work experience program. Records also show that more than one-third of the clients who attained employment after receiving training or intensive services were employed by the city. We were unable to obtain complete information on employers from the Georgia Department of Labor because confidentiality agreements related to unemployment insurance restrict information sharing.

The state Department of Labor identified AWDA's overreliance on one training partner as a potential problem. We observed that AWDA also consistently used a few partners for subsidized on-the-job training. This could give the appearance of cronyism in the use of grant funding, especially in the absence of information to evaluate longer-term employment outcomes.

AWDA Doesn't Evaluate Effectiveness of Employer Partnerships

AWDA lacks information to evaluate program effectiveness. Without reliably tracking employers, AWDA lacks information on the extent to which employers participating in job fairs or in subsidized on-the-job training have hired AWDA clients. Nor can AWDA assess whether clients attained employment related to the other training they received. AWDA enters some information into its database for clients participating in subsidized on-the-job training but we found little evidence in the state database indicating that clients were retained at the end of the subsidy period. These programs represent significant investments in staff time or direct program dollars. AWDA spent about \$2.4 million for on-the-job training subsidies and individual training accounts over the nearly two years that we reviewed. All AWDA staff spend at least 5% of their time assisting in weekly job fairs. We found no evidence that AWDA is monitoring or enforcing the city's First Source ordinance.

It is unclear how AWDA tracks and evaluates employer partners. Staff compiled a list of employer partners for the audit when requested, and stated that now that the list is compiled, an AWDA staff member "has the lead in receiving all new information from the rest of the staff and updating the Master [list] on a regular basis." The list identifies 315 employer partners, with separate city departments accounting for 11 of 315 employers. By contrast, the "US Federal Government" is listed as a single employer. (See Appendix A for the full list of employers). We noted discrepancies between the list and other sources of information. For example, the list identifies 86 First Source employers while staff subsequently sent us a list of over 600 First Source employers. The list identifies 56 employers participating in on-the-job training, we identified 42 of the employers on a paid invoice report that we extracted from the city's financial system, and AWDA provided us with on-the-job training contracts for 25 employers covering our time period.

Staff identified employer participation in six programs: job fair, first source, on-the-job training, taxi, re-entry employment, and work experience, shown in Exhibit 10. Some employers participate in multiple employer programs but no employer participates in all programs. According to the list, 137 employers participated in the job fair only.

The city is the only employer participating in the work experience program.

Exhibit 10 Number of Employers Participating in AWDA’s Programs, July 1, 2010, through May 15, 2012

Program	Number of Employers
Job Fair	222
First Source	86
On-the-Job Training	56
Taxi	21
Re-Entry Employment	13
Work Experience	1 ⁵

Source: AWDA list of employers provided to auditors

Although some employers are captured in AWDA’s database, we see no evidence that AWDA systematically tracks employers. Out of the 30,437 total clients who initially visited AWDA during our time period only 6,844 of those clients had employment data. Of the 22% of clients with employment data listed, 78% had an employment date prior to their date of initial visit to AWDA. This data suggests that the employment table is mostly used for capturing the employment history of clients and not for tracking employer partnerships fostered by AWDA. Further, when we queried a list of employers from the database for clients with an employment date in our time period, we found 6,227 different employers listed. The employer names are entered manually for individual client records and are not tied to a tax identification number or any other consistent tracking identifier. The database contains inconsistent employer addresses and the employer names are entered in multiple iterations. McDonald’s, for example, is spelled 15 different ways.

While staff identified six programs with employer partner participation, AWDA’s database contains only four employer types for the reviewed time period; internship, OJT, subsidized, and unsubsidized. The employer type field is blank for 86.8% of the records entered. Other than the OJT designation, the employer types listed provide no information regarding employer programs such as the First Source program, work experience, or job fair. Thus, we find little evidence that AWDA tracks employer partners in their database and that AWDA could reliably report information about employer partnering activities.

AWDA entered employment information for only 21% of the clients registered in the state workforce system. Out of the 3,660 clients that

⁵ The 11 City of Atlanta agencies are counted as one employer.

AWDA registered in the state workforce system over the period we reviewed, 766 had an entry in either the end-of-service employer or the exit employer fields. The end-of-service employer indicates employment after the specific WIA service, while the exit employer indicates employment after the client has completed all WIA services. Of the 767 clients, 37% (285) were employed by a city department, with about half employed by the Atlanta Fire/Rescue Department. According to state Department of Labor officials that we talked to, these fields are intended for agency use to assist the local agencies in evaluating program outcomes and case management. Because state reports use unemployment insurance data to confirm employment, these fields are not mandatory, but program monitors expressed concern that the apparent lack of monitoring raised questions about the quality of case management.

22% or 74 of the 341 clients registered in the state workforce system who received on-the-job training had an end of service employer listed. Based on the information that AWDA entered into the state workforce system, there is little evidence that employers who received on-the-job-training subsidies hired clients at the end of the training period. Federal regulations state that local programs must not contract with an employer who has previously exhibited a pattern of failing to provide on-the-job training participants with continued long-term employment. In its 2011 program review, Georgia Department of Labor program monitors verified continued employment of 32 of 37 clients who had participated in on-the-job training through July 2011. AWDA has increased on-the-job training significantly since the review period. Confidentiality agreements related to unemployment insurance prevent us from independently confirming clients' employment after the subsidy ended. Further, because the state has a waiver exempting it from including on-the-job-training participants in mandated performance measures, we can't estimate from state performance reports how many participants remained employed after the subsidy ended.

We identified \$1.6 million in payments for on-the-job training subsidies to 42 companies between July 1, 2010, and May 15, 2012, recorded in the city's financial system. Employers participating in the program received a reimbursement of up to 90% of each participating employees' salary for up to 6 months or 680 hours (see Exhibit 11). The wage rate was capped at the state's average hourly rate of \$17.89. All reimbursements are capped at 50% of the employees' salary.

Exhibit 11 On-the-Job Training Reimbursement Allowances, July 1, 2010, through May 15, 2012

Employer Size	Allowable Reimbursement
1-50 Employees	Up to 90% Reimbursement
51-250 Employees	Up to 75% Reimbursement
251 or More Employees	Standard 50% Reimbursement

Source: City of Atlanta WIA Local Plan, PY 2011-2013

About 10% or 39 of the 377 clients that received individual training accounts had an end of service employer or exit employer listed in their GWS registration entry. Based on the information that AWDA entered into the state workforce system, there is little evidence that clients attained employment related to the training they received. Most clients had no employer information listed. Of the 39 clients with employer information recorded, 24 obtained employment related to their training. The types of employers include: transportation and logistical services, medical facilities, dialysis clinics, and large Atlanta area corporations. The remaining 15 clients either did not obtain related employment or it was not easily identifiable whether the client’s job function related to training. We compared client training programs to the state’s list of occupations with the most annual openings and occupations with growth potential; 241 out of the 377 (64%) clients used individual training vouchers for high demand, high growth occupations. AWDA allocated about \$808,000 for individual training vouchers over the period we reviewed, as shown in Exhibit 12.

Exhibit 12 Individual Training Account Vouchers by Funding Source, July 1, 2010, through May 15, 2012

Funding Source	Number of Clients	Total Voucher Amount
ARRA-Adult	7	\$16,584
ARRA-Dislocated	75	\$172,732
WIA-Adult	208	\$419,231
WIA-Dislocated	78	\$168,288
WIA-OSY	10	\$30,000
WIA-Youth	1	\$1,119
Total	379⁶	\$807,956⁷

Source: Individual Training Account Voucher Log provided by AWDA
 In its 2011 program review, Georgia Department of Labor program monitors noted that AWDA was failing to monitor the effectiveness of individual training accounts and that 12 of 38 training providers were not

⁶ Two clients on the voucher log received two vouchers each.

⁷ Ten vouchers totaling \$23,000 were marked as void on the spreadsheet

approved by the state due to poor performance. Program monitors also noted that 20% of dislocated workers left training before completion to take a job. AWDA subsequently reduced the number of individual training accounts as it increased clients receiving on-the-job training. The executive director told us that the shift was a strategy to allow jobseekers to earn wages while enhancing skills, but without employment information, AWDA cannot evaluate whether the change was effective.

Neither the Office of Contract Compliance nor AWDA monitor the First Source Jobs program. The Municipal Code designates the Office of Contract Compliance as the manager of the First Source Jobs program. But that office in practice is not involved in making determinations regarding whether the employers are complying with the requirements. Under Municipal Code Part II, Chapter 2, Article XI, an employer only has to meet the entry-level hiring requirements if the contract with the city results in the addition of new positions. We asked AWDA for a list of vendors from the First Source registry that had hired AWDA clients. Staff provided a list of First Source companies with no indication whether the company had hired clients. Because AWDA does not consistently track employers in its database or consistently enter employers into the state workforce system, we have no way to assess vendor compliance with the code. We were unable to obtain complete information on employers from the Georgia Department of Labor because confidentiality agreements related to unemployment insurance restrict information sharing.

Overreliance on Partnering Agencies Poses Risk

The Georgia Department of Labor identified AWDA's overreliance on one training partner as a potential problem. We observed that AWDA also used disproportionately few partners for subsidized on-the-job training. While the Workforce Investment Act does not require competitive procurement for training providers, reliance on few partners could give the appearance of cronyism in the use of grant funding especially when information to evaluate longer-term employment outcomes is absent.

AWDA relied primarily on Atlanta Technical College for individual training accounts. Program monitors noted that while there were at least 60 training and educational institutions in the metropolitan area, over 80% of AWDA's adult and dislocated worker clients with individual training accounts in fiscal year 2011 attended Atlanta Technical College. Individual training accounts are intended to promote flexibility to meet individual needs based on informed consumer choice. A distribution heavily weighted to one institution raises questions about the extent to

which case managers assisted clients in considering available options. Over the period we reviewed, 53% of the vouchers were for Atlanta Technical College, accounting for about 42% of the individual training account funds. No other training provider received more than 9% of the funds. Exhibit 13 shows the top six individual training account providers, which accounted for about 75% of the clients with individual training accounts and about 70% of the funds.

Exhibit 13 Top Six Training Providers, July 1, 2010, through May 15, 2012

Training Provider	Number of Clients	\$ Amount of Individual Training Accounts	Percent of Total \$
Atlanta Technical College	202	337,594	41.7%
Woodruff Medical Training	28	72,675	9.0%
Atlanta Urban League	17	51,000	6.3%
Malik College	13	39,000	4.8%
Technology Center	12	36,000	4.4%
United Medical & Business Institute	12	36,000	4.4%

Source: Individual Training Account Voucher Log provided by AWDA

AWDA used disproportionately few partners for subsidized on-the-job training. Between July 2010 and May 15, 2012, Cronus Development, LLC, the top on-the-job training employer, received 24.3% of the total \$1.6 million paid in subsidies. The top six on-the-job training employers received \$965,511 in subsidies, about 61% of the total, as shown in Exhibit 14. Based on descriptions in city purchase order documents, these payments were for 141 clients.

Exhibit 14 Top Six On-the-Job Training Providers, July 1, 2010, through May 15, 2012

On-the-Job Training Provider	Number of Clients	\$ Amount of Subsidy	Percent of Total \$
Cronus Development, LLC	50	385,370	24.3%
CGE Construction & Consulting	24	174,564	11.0%
Bennett Group Management	19	139,868	8.8%
TDC Systems Integration, Inc	17	120,873	7.6%
Elite Academy and Learning Center	13	82,066	5.2%
Summerset Assisted Living	18	62,770	4.0%

Source: Oracle Paid Invoice Report for AWDA funds, and related purchase orders.

Competitive procurement isn't required, but concentrating subsidies among a few companies could raise questions about vendor selection. Federal regulations do not require competitive procurement for training.

On-the-job training may be provided by a public, private, or non-profit employer, except on-the-job training funded by national emergency grants may not be used for public sector employers. The training contract is supposed to be limited to the time needed for the trainee to become proficient in the occupation given the skill requirements of the occupation, the academic and occupational skill level of the participant, prior work experience, and the participant's individual employment plan. Contracts may be written for eligible employed workers when the employee is not earning a self-sufficient wage as determined by local board policy, the on-the-job training relates to the introduction of new technologies, introduction to new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by the local board, and employer requirements are met. The subsidy is intended to cover the extraordinary cost of training or reduced productivity. Concentrating on-the-job training subsidies among a few small companies raises questions about the extent to which these requirements are met and could give the appearance of cronyism, especially without information to evaluate long-term employment outcomes.

Multiple Information Systems Diminish Usefulness and Add Risk

AWDA created its client tracking database to mimic the state system with the intent of capturing information on all of the clients it serves. The database contains information for WIA-funded programs as well as non-WIA-funded programs. The database lacks field controls and standard data definitions, which limits its usefulness for generating meaningful reports. We identified discrepancies between AWDA's database and the state workforce system, which also raise questions about the usefulness of the data and flag risk of noncompliance with state requirements. AWDA's system stores unencrypted personally identifiable information, which also poses significant risk.

Neither the state nor AWDA's system contains information to match expenses to clients. The state workforce system provides fields to track client expenses, but agencies aren't required to complete these fields. AWDA tracks individual training accounts in stand-alone spreadsheets and tracks MARTA cards in manual logs. AWDA's inability to reconcile grant expenditures with other city reports and budgets has been a long-standing concern.

AWDA Database Lacks Controls, Which Limits Usefulness of Data

AWDA implemented its paperless system in-house around 2006 to facilitate more efficient recordkeeping. Staff told us that the system is supposed to mirror the state workforce system. Staff records information about client visits in the internal system and later transfers information for clients receiving WIA-funded intensive and training services to the state workforce system.

AWDA staff stated that every client who receives a service from AWDA is entered into the database, but only clients who receive services funded with WIA grant funds are required to be registered in the state workforce system. For entry into AWDA's client tracking database, a client can either complete an online registration form on the AWDA secure website or staff enters client information during the client's initial visit. Not all clients who are entered into AWDA's system have received a service. For example, candidates during firefighter recruitment could submit an online application through AWDA's website and they were entered into the online database to be counted amongst the clients served but they did not actually receive a service from AWDA.

Errors and omissions pose risk of manipulating outcome data. Program monitors with the state Department of Labor reported in 2011 that AWDA's requests for changes to data logged in the state workforce system were significantly higher than most other local workforce areas. The monitoring report noted that data entry delay contributed to the high error rate because corrections were required to enter clients after the quarterly close-out period.

We identified discrepancies between AWDA's database and the state workforce system. For example, some of the last names and first names entered into AWDA's database were transposed when entered into the state workforce system. Additionally, some of the last names did not match between systems.

Lack of field controls and standard data definitions limit usefulness for generating meaningful reports. We also identified errors within AWDA's system such as dates of birth that didn't match the clients' age categories. The birthdates entered into the database ranged from 1900 to 2012. Age category was blank for 64% of the records. The gender of the client was blank for 6% of the records, which could have implications for the selective service requirements that must be met under WIA. Zip codes were blank or invalid for 3.6% of client records. The addition of new service categories into AWDA's database is not controlled and spelling errors and slight differences in terms have led to apparent

duplication of service categories and categories that cease to have meaning. The database contains 686 unique service types, with 289 (41%) occurring only once and 422 (62%) occurring 10 or fewer times. The database contains 20 different service descriptions related to providing a MARTA card. The employer information was equally unreliable. In particular, Walmart was spelled 13 different ways, McDonald's was spelled 15 different ways and Air Serv was spelled 20 different ways. These types of anomalies make it difficult to query the database to generate meaningful reports.

AWDA's system contains sensitive information that may be inadequately protected. AWDA's client tracking system contains personally identifiable information including social security numbers, full names, birthdates, addresses, and telephone numbers. Staff implemented read-only access to records after we asked about it. The system was set up with three levels of access that allow users to: review information and make additions; review information, make additions, and make deletions, or have full administrative rights. Five users currently have administrator rights. Access is logged by user ID. The software engineer, who does not appear to be under a current vendor contract, is a former employee who continues to have access to the system that he created.

While staff must be logged on to the city's network to access the system, access to AWDA's server was open to all city employees. We were able to access an earlier version of the database and bypass the login screen to obtain administrative access to the system. We were also able to gain access to sensitive information in other files on the server. The Department of Information Technology restricted access to the server after we alerted the chief information officer of the security weakness. The chief information officer should also ensure that application security is strengthened, including application of the city's password policy and review of settings.

No System Contains Information to Tie Expenses Directly to Clients

AWDA's inability to reconcile grant expenditures with other city reports and budgets has been a long-standing concern. Neither the state nor AWDA's system contains information to match expenses to clients. AWDA tracks financial information in stand-alone spreadsheets, but most information shows aggregate spending by vendor and grant. We noted discrepancies between the spreadsheets, client data, and the city's financial system.

The expenses in the city's accounting system are not tied to clients in either the state workforce system or AWDA's database. Both the state workforce system and AWDA's database have reporting capabilities but neither tracks financial data at the client level. The state system provides fields to track individual client expenses, but agencies aren't required to complete these fields and AWDA has not used them. Georgia Department of Labor officials told us that AWDA records aggregate financial information for the youth, adult, and dislocated worker programs directly to the state Financial Reporting System each month (20 days after month end) but should also be able to track the expenses to the client level. AWDA staff said that all money spent is accounted for in the city's financial system, however, while these transactions show payments and funding source, they are not tied to individual clients and payment purposes are not recorded.

AWDA uses a collection of spreadsheets to monitor expenditures and program costs. AWDA tracks client individual training accounts in stand-alone spreadsheets, tracks expenses for Work Experience and Summer Youth clients together on spreadsheets submitted to an external payroll vendor, and records distribution of MARTA cards in manual logs. Until recently, AWDA also processed program consultant payments through the external payroll vendor, but now processes consultant payments through the city's financial system.

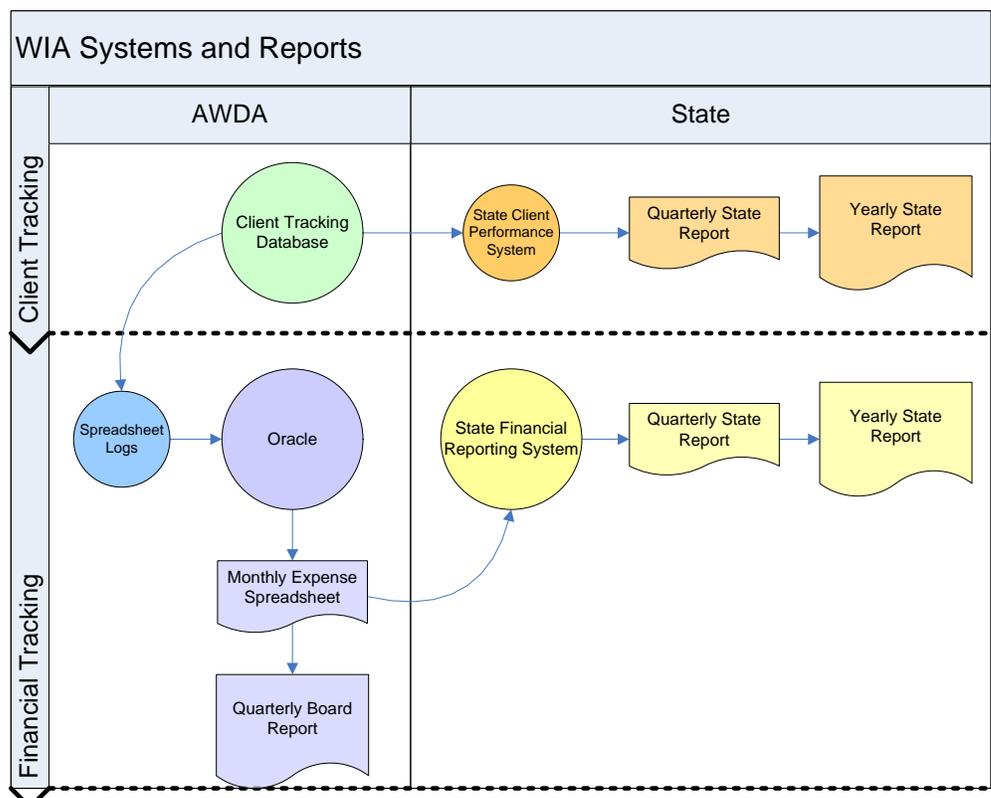
The different spreadsheets lack information to link them to program activities and spending. For example, the payroll vendor spreadsheets do not distinguish between clients and consultants and do not indicate which clients are enrolled in each program. So, by looking at the payroll documents, we were unable to determine how much was spent on the consultants, the Work Experience program, or the Summer Youth Program. The vendor names entered on the individual training account logs were inconsistent from the names entered into the city's financial system, the field for purchase order number was left blank, and there is no field for vendor number, making it difficult to match the individual training account information to paid invoices.

We were unable to locate 12 of a sample of 141 clients listed on city purchase orders related to on-the-job-training subsidies in either AWDA's database or the state workforce system, which could result from misspellings on the purchase orders. We could not locate 29 clients listed on the individual training account log in the state workforce system. One individual training account client did not have an entry in either AWDA's database or the state system.

We did not review AWDA’s manual log of MARTA cards. However, based on services provided, AWDA’s database shows it distributed about 1,930 MARTA monthly passes in fiscal years 2011 and 2012. AWDA paid MARTA over \$258,327 over the same period — enough to purchase between 2,700 and 3,800 monthly passes, depending on whether it was full fare or student discount.

Exhibit 15 below illustrates the different methods of tracking used by AWDA for both client service delivery and finances.

Exhibit 15 Tracking Methods for Client Services and Expenses



Source: Auditor observations and document review

Several prior audits and program monitoring reports have raised concerns about financial management and compliance. The city’s single audits for fiscal years 2009 and 2011, and program reviews conducted by the state Department of Labor for program years 2009 and 2010 identified serious financial concerns, including insufficient internal controls and AWDA’s inability to reconcile grant expenditures with city reports and budgets (see Exhibit 16). The 2010 single audit noted that the prior year’s finding of \$3.4 million in un-reconciled expenditures had been resolved.

Exhibit 16 Summary of Recent Audit and Program Monitoring Findings

Finding	2009 Summer Youth	2010 Summer Youth	2010 Program Review	2009 Single Audit	2011 Single Audit
Governance and Programmatic Management					
insufficient documentation regarding compliance with procedures	X		X		
inadequate service provision and case management regarding youth	X	X	X		
insufficient documentation regarding work permits	X	X			
insufficient documentation regarding training		X			
insufficient documentation regarding service agreements			X		
insufficient program integration			X		
inadequate service provision to dislocated workers			X		
overreliance on one partner organization			X		
Eligibility					
deficiencies in youth eligibility documentation			X		
insufficient procedures for establishing and monitoring youth eligibility			X		
significantly higher error rate in data reported to state officials			X		
Procurement and Financial Management					
inability to reconcile expenditures with other city reports and budgets	X	X	X	X	X
insufficient documentation regarding compliance with cash management regulations					X
insufficient controls regarding timesheets	X	X			
insufficient documentation regarding work-site agreements and contract provisions	X				
insufficient controls and documentation regarding MARTA and gas card purchases	X				
insufficient controls regarding customer confidentiality and personal use of property	X				
deficiency in seeking competitive proposals for services	X				

Source: Georgia Department of Labor PY-09 WIA/ARRA Summer Youth Review Report Career Development Services/STEP-UP Program, Atlanta Workforce Development Agency, Report Date: June 5, 2010; Georgia Department of Labor PY-2010 Georgia Summer Teen Partnership Report; Georgia Department of Labor PY-2010 WIA/ARRA Program Review Report, Local Area: City of Atlanta, Review Date: June 27-July 1, 2011; Single Audit of Federal Programs and Passenger Facility Charges for the Fiscal Years Ended 2009 and 2011.

Reducing Performance and Compliance Risks Will Require Investment

The significant performance and compliance risks we've outlined appear to be long-standing. AWDA's responses to previous recommendations from external auditors and program monitors have focused on locating documentation for individuals rather than fixing the underlying systematic problems. Overhauling AWDA's procedures and systems will require investment in time and money. It is not clear what funding source is available. While AWDA has received funding from donations and other grant programs besides WIA, those funds can be time-limited or designated for specific purposes or clients, and could perhaps be administered by other city departments. Given that over half of AWDA's clients live outside the city, one low cost option to reduce risk is to discontinue the agency and allow local workforce areas at Fulton, DeKalb, and Cobb counties, and the Atlanta Regional Commission to serve area jobseekers.

If state and city officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, both the Governor's office and Mayor's office should exercise stronger oversight. At a minimum, the Mayor's Office should include AWDA in its ATLStat program, oversee agency responses to state and federal program monitors, and follow-up on corrective actions.

We recommend the chief operating officer work with the AWDA Board to procure a consultant to assist the agency in revising its processes to use existing systems to collect and report complete, accurate, reliable information. Procedures should specify when staff must register clients into the state workforce system so that all clients receiving a WIA-funded service, including a staff-assisted core service, are registered promptly. Staff should complete all relevant fields in the state workforce system to track employment outcomes. Procedures should clarify how to enter information into Oracle in order to track spending on individual clients. If AWDA needs to maintain its own database, the city's chief information officer should ensure that personally identifiable information is protected.

Recommendations

1. To reduce performance and compliance risk, the mayor and city council should consider discontinuing the AWDA.

If officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, the chief operating officer should:

2. Exercise additional oversight of the agency by including AWDA in its ATLStat program, overseeing agency responses to state and federal program monitors, and following up on corrective actions.
3. Work with the AWDA Board to procure a consultant to assist the agency in revising its processes to use existing systems to collect and report complete, accurate, reliable, and timely information.

If the agency continues, the chief information officer should:

4. Ensure that personally identifiable information maintained in AWDA information systems is protected.

Appendices

Appendix A Employer List Supplied by AWDA

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
1	COA Dept of Constituent Services		x				
2	COA Dept of Finance		x				
3	COA Dept of Fleet Services	x	x				
4	COA Dept of Information Technology	x	x				
5	COA Dept of OEAM		x				
6	COA Dept of Parks and Recreation		x				
7	COA Dept of Public Works	x	x				
8	COA Dept of Sanitation		x			x	
9	COA Dept of Watershed		x				
10	COA Gourmet Services		x			x	
11	COA Municipal Court		x				
12	100 Security Officers	x					
13	A Action Janitorial	x		x			
14	A Plus Hospitality Services	x				x	
15	A Plus Staffing	x				x	
16	A Team Trucking	x					
17	A&G Trucking Company	x					
18	AATC			x			
19	ABM Janitorial Services	x		x			
20	Above all Cleaners	x					
21	Abundant Life Nursing Agency	x					
22	Accura Engineering Company	x					
23	Ace Mobile	x					
24	AD Tech Services			x			
25	Advantage Staffing	x					
26	AFLAC	x					
27	Aiken Global Group				x		

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
28	Aikin Design Architects,LLC			x			
29	Air Serv Airport Services	x		x			
30	Airport Employment & Training Center AETC	x		x			
31	Airport Retail Management	x		x			
32	AJ Wright Stores	x					
33	AI ADE Construction	x					
34	Aldeasa duty free			x			
35	All Express Taxicab Co.						x
36	All N One Security	x		x			
37	AllState Waste Dumpster Drivers	x					
38	Alpha Communications Group	x			x		
39	Ambassador Taxi Co.						x
40	American Family Insurance	x					
41	American General Life and Accident Insurance Co.	x					
42	American Recovery Solution Services				x		
43	American Taxi Co.						x
44	APAC			x			
45	Archer Western Constructors	x		x			
46	Areas USA Retail	x					
47	ARSS Collections	x					
48	ASIG Aircraft Fuelers	x					
49	Assurance Taxi, Inc.						x
50	Astra Group Construction	x		x	x		
51	Atlanta Cargo & Transportation	x					
52	Atlanta History Center	x					
53	Atlanta Human Performance Center	x			x		
54	Atlanta Lenox Taxicab Co.						x
55	Atlanta Royal Cabbies						x

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
56	Atlanta Taxi Service, Inc.						x
57	Axam Law				x		
58	B Unlimited, Inc.				x		
59	Basha Services				x		
60	Beck Janitorial Services	x					
61	Bench Craft Comp.	x					
62	Bennett Group Management	x			x		
63	Blinds 4 You	x					
64	Bombardier	x		x			
65	Boys & Girls Club Metro Atlanta	x					
66	Bradford Protective Services	x					
67	Bryant Risk Management Security	x			x		
68	Buckhead Safety Cab Co.						x
69	Burke landscaping	x					
70	C & W Consignment Warehouse	x					
71	C W Mathews Constructions	x		x			
72	Calvary Staffing	x					
73	Candy Image	x					
74	Capitol Restoration	x					
75	Care Angels Health care Givers	x					
76	Cascade Taxicab Co.						x
77	Catamount Contractors, Inc.			x			
78	CBE Collections	x					
79	CERTA Staff	x					
80	CGE Construction and Consulting				x		
81	Checker Cab Co.						x
82	Child Care Workers				x		
83	Chipotle's					x	
84	Circle Group LLC	x		x			
85	CISS Security	x		x			

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
86	Citywide Cab Co.						x
87	Civil Works Construction/Engineering	x		x			
88	Clay Carriers	x					
89	Clear Mystic Green Residential/office cleaning	x					
90	Clear Port Barber	x					
91	Cohen & Kaufman Assets Management	x					
92	Colonial Life Insurance	x		x			
93	Color Me Beautiful Cosmetics	x					
94	Community Action Services	x					
95	Concessions International	x		x			
96	Corp Security	x		x			
97	Courtney Shelton, MD				x		
98	Cronus Development LLC	x			x	x	
99	Crown Cab Co.						x
100	Cstar Consultants	x					
101	Curbside Management			x			
102	CVS Pharmacy	x			x		
103	D&B Janitorial Services	x		x	x		
104	D&N Electric Company			x			
105	D&P Transport	x					
106	Dacosta's Plumbing				x		
107	Davis & Associates			x			
108	DD's Discount Stores	x					
109	Delaware North	x		x			
110	DHL or (DLH) Enterprise & Services ??	x			x		
111	Direct Sales Connections	x					
112	Diversified Technical Cleaning Services	x		x			

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
113	Diversified Technical Consulting	x					
114	Dixie Electric Company			x			
115	Dixon Security	x		x			
116	Dompatci	x				x	
117	DPL Products Warehouse	x					
118	DSI Security	x		x			
119	Duncan Solutions	x					
120	Duty Free	x		x			
121	Dynasty Marking Firm LLC	x					
122	Eagle Security	x		x			
123	Elm Wood Staffing	x					
124	Empire Collections Authorities	x					
125	Eventions				x		
126	Express Employment Professional	x					
127	Fairburn Furniture	x					
128	Forest Green Law and Landscaping	x					
129	Forever Young and Healthy				x		
130	FSx60 Construction Company			x			
131	Gamby Insurance Agency	x					
132	Garden Manufacturing	x					
133	Gate Gourmet	x		x			
134	GC Electrical Solutions			x			
135	Georgia Aquarium	x					
136	Georgia Minority Supplier Development	x			x		
137	Georgia World Congress Center	x					
138	GMG Tax Preparers	x		x			
139	Golden Gate Car Rental - Airport	x		x			
140	Graham and Associates	x		x			
141	Green Grease Recycling	x					

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
142	Greening Youth Foundation	x					
143	GSC Atlanta Inc. Construction	x					
144	Guardian Protective Services	x					
145	H Wade Auto Detailing	x					
146	HBF Branded Foods	x		x			
147	HealthStaff Services inc.	x					
148	Hendley Landscaping Company	x					
149	HMS HOST	x		x			
150	HOK			x			
151	Home Depot	x					
152	Home Instead Care Givers	x		x			
153	HSS Security	x		x			
154	HTH Building Services	x					
155	HTS Healthcare Services	x					
156	Hutchinson Construction	x					
157	International Systems Strategies IT	x					
158	ITA Data Storage	x					
159	J Hearne Construction Inc.	x		x			
160	Jackmont	x		x			
161	Jackson Dental Center				x		
162	Jersey Mikes Subs	x		x			
163	Jet Bonding Company	x			x		
164	Jimmy's Magnolia Tree Healthcare Providers	x					
165	Joe's Production Company				x		
166	JR Crickets	x		x			
167	Kasare Construction	x					
168	Kelly Clerical Services	x					
169	Kiewit Infrastructure South	x		x			
170	Kissberg			x			

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
171	Kraft Foods	x					
172	KTC & Associates (DBA Think CLE)				x		
173	Laborer Finders	x					
174	Lamik Beauty Consultants	x					
175	Laws Office of Moore Ibekwe	x					
176	LB Concrete			x		x	
177	Llamas Coatings Inc. (Painting & Decorating)			x			
178	Loving Kindness Healthcare Center	x					
179	MACK I, Inc.				x		
180	MACK II, Inc.				x		
181	Manheim Atlanta Auto Detailers	x					
182	Manpower Laborer	x					
183	Marketing Communications Group USA	x			x		
184	Marriott Marquis					x	
185	MARTA	x					
186	MCA (Monet Construction Associates)			x			
187	Mellanda Reese and Associates				x		
188	Metro Atlanta Respite & Dev Services Inc.	x					
189	Metro Ben Hill Taxicab Co.						x
190	Mi Joy Industrial Services	x		x			
191	Michon's Restaurant	x					
192	Midtown Neurology				x		
193	Might Jumps Party Hosts	x					
194	Miles Marketing	x					
195	Mopac			x			
196	Morley Environmental Co	x					
197	MSC Industrial Supply	x					

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
198	Murray Brothers Funeral Home	x					
199	Murray Guard Security	x					
200	My Global Distribution	x					
201	National Cab Co.						x
202	National Limo Services	x		x			
203	New Horizons Staffing	x					
204	New South Construction	x		x			
205	Norred Security	x		x			
206	Noval Associates Janitorial	x					
207	OfficeMax	x					
208	Omega Taxi Company						x
209	OWL Transportation Inc.	x					
210	Paradigm Valet Services	x					
211	Park Atlanta	x		x			
212	Parking Company of America (Airport)	x		x			
213	Paschals At the Airport	x		x			
214	Payless Car Rental				x		
215	Peach Cab Company, Inc.						x
216	Peach Movers	x					
217	Peachtree DUI	x			x		
218	Percision 2000 Inc.	x		x			
219	Phylant recruiters Medical	x					
220	Pipe Logistics			x			
221	Pivotal Retail Group	x					
222	Plaza Security	x					
223	Premier Consulting Management Solutions	x					
224	Premier Solutions Sales	x					
225	Prestige Cleaning Services	x					
226	Prestige Learning Center	x					

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
227	Primary HealthCare Inc.	x					
228	Prince Telecommunications	x					
229	Property Services Supplies	x					
230	Proximus Mobility				x		
231	PTI Van Drivers	x					
232	Q Solutions	x		x			
233	Quality Carpet & Vinyl, Inc			x			
234	Rainey Apparel Manufacturing	x			x		
235	Rapid Taxi Company						x
236	Regal Staffing	x					
237	Region 16 Product Promoters	x					
238	Retail Business Development	x					
239	Risk Management Investigative Services	x			x		
240	Rockdale Pipeline Contractors	x		x			
241	Rocket Learning Center Tutorial	x					
242	Rural Outreach Church Collaborative Food Distrib	x					
243	Schwan's Home Services	x					
244	Scott & Sons holdings	x		x	x		
245	Screen Gems	x		x			
246	SDI Marketing	x					
247	Sears Holding Corporation	x					
248	Senior Connections Health Care	x					
249	Serdi Corporation				x		
250	Service Management Systems	x					
251	Shea Group Mattress Company	x					
252	Shellis Management Services Warehouse	x					
253	Shorty & Buster's Wings				x		
254	Simos Insourcing Staffing	x					

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
255	Site Med			x			
256	Sky Line Engineering & Construction			x			
257	Smoothie King				x		
258	SMS Mall Maintenance Services	x					
259	Sodexo	x					
260	Southeastern Transportation Services	x					
261	Southern Nights Mattress Company				x		
262	Staff Demand of Georgia					x	
263	Standard Landscaping Services	x		x			
264	Standard Parking Services Airport	x		x			
265	Star Taxicab Company						x
266	Studio 7 Photography				x		
267	Summerset Personal Care Assisted Living	x			x		
268	Superior Contract Cleaning	x		x			
269	Sweet Auburn BBQ	x		x			
270	Taxi Freight CDL	x					
271	TBI Airport Management, Inc.	x		x			
272	TDC Systems Integration	x		x	x		
273	Teachers R Us Staffing	x					
274	Techx60, Inc.				x		
275	TEKSystems	x					
276	The Andora Group	x					
277	The Elite Academy and Learning				x		
278	The Health Education and Communication				x		
279	The Leading Niche	x					
280	The Look By Joi Cosmetics	x					
281	The Paradies Shops Airport	x		x			

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
282	The Sanders Law Group				x		
283	This Is It Restaurant	x				x	
284	Thomas Bowen CPA, LLC				x		
285	Thorpe Security	x		x			
286	Thrasher Construction	x		x			
287	TJS Janitorial Services	x		x			
288	Travelex Sales	x		x			
289	True Companions Personal Aides	x					
290	Turbury Apts.	x					
291	Turning Point Staffing					x	
292	TWD Inc.				x		
293	U.S. Taxicab Company, Inc.						x
294	United Front Media	x					
295	United Medical and Business	x					
296	United States Air Force Reserve	x					
297	Urban League of Greater Atlanta				x		
298	Urban Suburban Inc.	x			x		
299	Urey Companies Engineers & Constructors	x		x			
300	US Federal Government	x				x	
301	ValleyCrest Landscape Development	x		x			
302	Wade Hayes Auto Detailing	x					
303	Walter F. Young, DDS				x		
304	Wendy's Restaurant				x		
305	WFG Financial	x					
306	Williams Lea				x		
307	Wilson Taxi						x
308	Winter Environmental Construction	x		x			
309	Winter Johnson Group			x			

	Employer	Job Fair	Work Experience	First Source	OJT	Re-Entry Employer	TAXI
310	Yates Construction			x	x		
311	Yellow Cab of Georgia, Inc.						x
312	Young International Beverage				x		
313	Zaxby's	x					
314	Zingles Sales	x					
315	Zoo Atlanta	x					

Source: Provided by AWDA staff as of July 2012.

Appendix B Management Comments and Response to Audit Recommendations

Report # 12.02	Report Title: Atlanta Workforce Development Agency	Date: 1/24/2013
Recommendation Responses		
Rec. # 1	To reduce performance and compliance risk, the mayor and city council should consider discontinuing the AWDA.	
<p align="center"><u>Proposed Action:</u></p> <p align="center"><u>Implementation Timeframe:</u></p> <p align="center"><u>Responsible Person:</u></p>	Response is forthcoming.	
Rec. # 2	If officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, the chief operating officer should exercise additional oversight of the agency by including AWDA in its ATLStat program, overseeing agency responses to state and federal program monitors, and following up on corrective actions.	
<p align="center"><u>Proposed Action:</u></p> <p align="center"><u>Implementation Timeframe:</u></p> <p align="center"><u>Responsible Person:</u></p>	Response is forthcoming.	
Rec. # 3	If officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, the chief operating officer should work with the AWDA Board to procure a consultant to assist the agency in revising its processes to use existing systems to collect and report complete, accurate, reliable, and timely information.	
<p align="center"><u>Proposed Action:</u></p> <p align="center"><u>Implementation Timeframe:</u></p> <p align="center"><u>Responsible Person:</u></p>	Response is forthcoming.	

