

Summit County Executive's Office
Department of Job and Family Services
Workforce Development Division
Performance Audit General Report

Prepared for:

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Approved by Audit Committee
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EXECUTIVE SUMMARY

Total Number of Issues –3

Policies and Procedures

Section	# Issues	Issue Descriptions	Page Ref.
Policies and Procedures	2	<ul style="list-style-type: none"> • No sign of review or management approval within the last two (2) years; hand-written notes; incorrect references to legislation. • Insufficient policies and procedures for the Ohio Works Incentive Program (OWIP). 	7

Internal Controls

Strong Internal Controls:

Testing Section	# Issues	Issue Description	Page Ref.
Hardships	0	N/A	9
Hearings			9
Ohio Works Incentive Plan (OWIP)			10
Sanctions			11

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Client Gift Cards/Bus Passes	1	<ul style="list-style-type: none"> • Un-issued bus passes could not be located; lack of receipt acknowledgement by recipient. 	10

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GENERAL BACKGROUND

Under the Workforce Investment Act of 1988, each state is required to maintain a one-stop delivery system that provides supportive services and easy access to information about job vacancies, career options, employment trends, and job-search opportunities. The one-stop OhioMeansJobs–Summit County Center (OMJ) offers a path to economic independence by addressing the diverse needs of job seekers and helping them to find and retain employment that will lead to self-sufficiency, family stability, and stronger communities.

Work Activities

Federal and state rules require able-bodied adults receiving Ohio Works First (OWF) cash assistance to participate in a work activity. OMJ staff evaluate clients for work readiness. Clients may be assigned to Summit County Occupational Preparation Experience (SCOPE), education and training at approved educational institutions, or classes at the OhioMeansJobs–Summit County Center.

The purpose of these assignments is to aid the client in becoming self-sufficient before his or her lifetime three-year limit for cash assistance expires. Clients who are successful in their assignments may qualify for placement at an external Work Experience Program (WEP) site, where they will further enhance their job-readiness skills.

SCOPE (Summit County Occupational Preparation Experience)

SCOPE is the first assignment for most work-required individuals. Housed in the OMJ Center, SCOPE provides a supervised work environment where clients carry out light work projects such as piecework or assembly.

The SCOPE environment is intended to teach clients the importance of arriving at a worksite on time, dressing appropriately, and communicating effectively with supervisors and co-workers.

The SCOPE experience also gives the Summit County Department of Job and Family Services (SCDJFS) assessment staff a chance to observe the work quality, attendance, and attitude of participants. If, after three to four weeks, good attendance and work quality are observed, clients may be re-assigned to an external WEP site, where they will continue to hone their work skills, earn a good reference to put on their resumes, and continue to progress toward self-sufficiency. Transportation supports such as bus passes and other allowances may also be available.

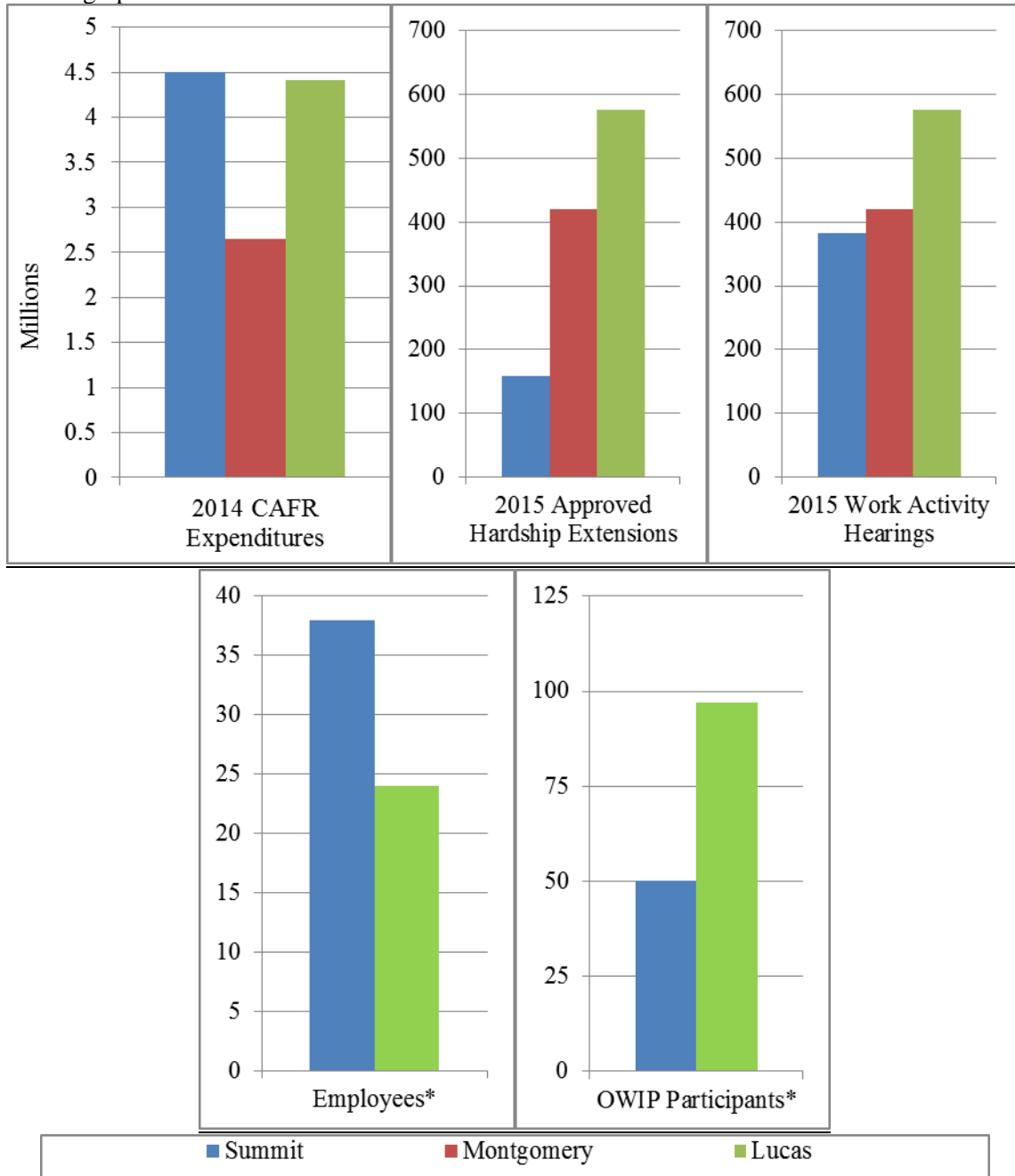
WEP (Work Experience Program)

The goal of WEP is to enable participants to develop work skills that will enhance their ability to obtain and retain employment and work toward a better job. Example WEP assignments include internships as part of a training program, volunteer work, hands-on training in a specific occupational skill, and placement at a public, private, or non-profit organization.

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The Workforce Development Division (Workforce Development) consists of thirty-eight (38) employees (1% of Summit County employment) comprising of the Administrators, Managers, Case Workers and support staff. Workforce Development's 2013 and 2014 actual expenditures totalled \$3,784,725 and \$4,502,621 respectively (9% and 11% of the 2013 and 2014 Job and Family Services actual fund expenditures, respectively).¹

IAD compared Workforce Development's 2014 CAFR expenditures and 2015 staffing levels, approved hardship extensions, work activity hearings and Ohio Works Incentive Program (OWIP) participants to Workforce Development Divisions from comparably populated counties – Montgomery and Lucas. The comparisons are represented in the graphs below:



* Information was not provided by Montgomery County.

¹ <https://fiscaloffice.summitoh.net/index.php/documents-a-forms/viewcategory/8-comprehensive-annual-financial-reports>

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AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide Workforce Development with reasonable assurance, based on the testing performed, on the adequacy of the system of management control currently in effect for the audit areas.

Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. Management is responsible for establishing and maintaining effective controls that, in general, include the plan of organization, as well as methods and procedures to ensure that goals are met. Specific audit objectives include evaluating the policies, procedures, and internal controls related to Workforce Development.

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.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

Objectives:

- To obtain and review the current policies and procedures.
- To review the internal control structure through employee interviews and observations.
- To perform a general overview of the physical environment and security of the facilities, data, records and departmental personnel.

Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the Workforce Development from February 1, 2015 through January 31, 2016.

The following were the major audit steps performed:

OBJECTIVE 1 – POLICY AND PROCEDURES REVIEW

1. Obtain and review the current policies and procedures.
2. Meet with the appropriate personnel to obtain an understanding of the current department processes and procedures. Compare those existing processes to the policies and procedures manual for consistency, noting all exceptions.
3. Obtain and review the document retention policy and determine if policies and procedures are currently in place and being followed.
4. Test procedures for mandatory compliance where applicable.
5. Identify audit issues and make recommendations where appropriate.

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OBJECTIVE 2 – REVIEW OF INTERNAL CONTROLS

6. Meet with the appropriate personnel to obtain an understanding of the control environment.
7. Document the existing control procedures in narratives and/or flowcharts.
8. Compare existing processes to the policies and procedures manual for consistency.
9. Test procedures for compliance where applicable, noting all exceptions.
10. Investigate discrepancies and summarize results.
11. Make recommendations where appropriate.

OBJECTIVE 3 – REVIEW OF SECURITY (covered in a separate report in compliance with ORC §149.433).

1. Perform a general overview of the physical environment and security of the department/agency being audited.
2. Interview various personnel to determine that confidential information is secure and processed only by appropriate parties.
3. Test security issues where appropriate.
4. Analyze current policies and make recommendations.

DETAILED COMMENTS

Interviews:

To gain an understanding of the Workforce Development Division (Workforce Development), IAD performed interviews with the following positions:

- Assistant County Human Service Administrator
- Social Program Analyst
- Employment Services Liaison
- Social Program Supervisor (2)
- Social Program Administrator (2)
- Social Program Manager (2)
- Case Management Specialist II
- Income Maintenance Worker III

Any issues noted are addressed in the respective sections of this report.

I. Policy and Procedures:

Workforce Development policies and procedures were reviewed for each applicable testing section within the audit for accuracy and completeness and compared to current processes for consistency. A sample of employees was haphazardly selected and policy and procedure manual staff sign-offs were reviewed to ensure applicable staff acknowledged receipt and review the manual. The DJFS Records Retention Schedule applicable to Workforce Development was also reviewed for completeness and compared to processes throughout the audit to ensure that the schedule contained all relevant documents.

The following issues were noted:

1. Issue:

Upon review of the Workforce Development Policy and Procedures Manuals for completeness and accuracy, IAD noted the following:

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OWF Work Activity Manual:

- Not been formally approved by management.
- Not been updated with no signs of review within the last two (2) years.
- Includes incorrect references to legislation.

Food Assistance Employment & Training Manual:

- Not been formally approved by management.
- Not been updated with no signs of review within the last two (2) years.

Ohio Means Jobs Emergency Procedure Manual:

- Not been formally approved by management.

Recommendation:

IAD recommends that all policies and procedures be updated/reviewed and approved by management, be consistent with best practices (e.g., no hand-written notes), and include correct references to legislation. This will help ensure that approved policies and procedures are accurate and consistently followed by employees.

Management Action Plan:

Workforce Development will first verify that references to legislation in the OWF Work Activity Manual are accurate, and will conduct research to correct those instances of incorrectly referenced legislation. Following this step, Workforce Development will submit OWF Work Activity Manual, Food Assistance Employment and Training Manual, and the OhioMeansJobs Emergency Procedure Manual for formal management approval. Once formal approval is received, these manuals will be made available in a digital format on Workforce Development's shared drive. Digitizing these manuals will facilitate more expedient updates, reviews, and approvals while ensuring alignment with best practices. Workforce Development staff will have no reason to update policies in handwritten notes, as the text will be alterable in a Word Document. Once policy manuals are digitized and updated, they will be submitted to management for formal approval. This approval process will occur whenever the policy manuals are updated. Upon approval, Workforce staff will receive e-mailed notification that a manual update is available on the shared drive. Staff will verify receipt of updated policies in a response e-mail.

Target Date: August 1, 2016

2. Issue:

Upon review of policies and procedures, IAD noted insufficient policies and procedures for the Ohio Works Incentive Program (OWIP).

Recommendation:

IAD recommends that Workforce Development create/update, approve, and disseminate written policies and procedures for all functional areas within the agency. This will help to ensure that proper procedures are in place and consistently followed within the department.

Management Action Plan:

Workforce Development's first update to the OWIP manual will be to digitize the manual. Once digitized, Workforce Development will periodically review the OWIP manual to ensure sufficient procedures and

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policies are in place and up-to-date. Moreover, staff will have access to this digital manual through the shared drive and will be alerted by e-mail when approved updates are available. This will allow for more consistency.

Target Date: August 1, 2016

II. Internal Control Testing:

Risk-based internal control testing and/or observations were performed in the following areas:

- Hardships
- Hearings
- Ohio Works Incentive Program (OWIP)
- Client Gift Cards/Bus Passes
- Sanctions

HARDSHIPS

Policies and procedures were reviewed, interviews were conducted and flowcharts were created and approved to gain an understanding of the hardships process.

Attributes were developed and detail testing was performed to ensure the following:

- The client signed an "Authorization for Release of Information" form.
- The Hardship Exemption does not exceed six (6) months.
- The Hardship Application was processed within thirty (30) days from the date the application was received.
- Verification was obtained, based on the applicable hardship (e.g. Domestic Violence, Pregnancy, Providing Care for a Disabled Household, Physical or Mental Incapacity, etc.)
- The client submitted required monthly documentation.

No issues were noted.

HEARINGS

Policies and procedures were reviewed, interviews were conducted and flowcharts were created and approved to gain an understanding of the hearings process.

A sample of sustained hearings was selected and detail testing was performed to ensure the following:

- The Appeal Summary was uploaded to HATS X (state hearing IT system).
- The Appeal Summary was uploaded before the hearing date.
- Compliance documentation was sent to the Bureau of State Hearings within fifteen (15) days of receiving the decision.

A sample of overruled/abandoned hearings was selected and detail testing was performed to ensure the following:

- The Appeal Summary was uploaded to the HATS X system.
- The Appeal Summary was uploaded before the hearing date.
- The client's benefits were sanctioned (if applicable).

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No issues were noted.

OHIO WORKS INCENTIVE PROGRAM (OWIP)

Policies and procedures were reviewed, interviews were conducted and flowcharts were created and approved to gain an understanding of the OWIP process.

A sample of incentive payments disbursed to clients was obtained and detail testing was performed to ensure the client:

- Was receiving Ohio Works First (OWF) cash benefits at the time of enrollment.
- Had at least four (4) months of their original thirty-six (36) months of OWF cash remaining at the time of enrollment.
- Was working at least twenty (20) hours per week or eighty (80) hours per month.

Additionally, Request for Approval Forms were reviewed to ensure proper approval and adequate support was obtained prior to disbursing the incentive payment.

No issues were noted.

CLIENT GIFT CARDS/BUS PASSES

Policies and procedures were reviewed, interviews were conducted and flowcharts were created and approved to gain an understanding of the client gas card and bus pass process.

A sample of gas cards was selected and detail testing was performed to ensure the client was eligible for Temporary Assistance for Needy Families (TANF) & Prevention, Retention and Contingency (PRC) and acknowledged receipt of the gas card.

A sample of issued bus passes was selected and detail testing was performed to ensure the client was eligible for TANF and acknowledged receipt of the bus pass. Additionally, a listing of un-issued bus passes was obtained, a sample was selected and detail testing was performed to ensure un-issued bus passes were in the possession of Workforce Development.

The following issue was noted:

3. **Issue:**

Upon detail testing, IAD noted nine (9) out of forty-two (42) instances where the un-issued bus passes could not be located. Additionally, IAD noted two (2) out of thirty (30) instances where the client did not sign receipt of acknowledgment for the bus pass.

Recommendation:

IAD recommends Workforce Development ensure the acknowledgment form is signed by the client prior to the issuance of the bus pass. Additionally, IAD recommends Workforce Development update the bus pass database when a bus pass is issued to a client. This will help to ensure proper safeguards over the issuance and retention of bus passes.

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Management Action Plan:

Remediation of this finding will be implemented in a manner to ensure the quality of data collection, control of passes and staff accountability. First, Workforce Development will establish schedules designating daily the staff member responsible for bus pass distribution. Second, passes are stored in a secured safe, accessible only by management staff. Management staff distributes 50 passes to one assigned worker on a daily basis. Management signs the group of 50 passes out at the beginning of the day and records the number of passes remaining at the end of the day before returning remaining passes to the safe. Third, on a monthly basis, bus pass distribution logs are uploaded into a client tracking database. A database audit is conducted at the end of each month. By assigning bus pass responsibilities to designated front end staff daily, by restricting pass access to 50 passes at a time, and by recording pass access at the open and close of business days, staff involved in this process will be held accountable. On days when bus passes or receipts of acknowledgement are missing, the staff assigned to that day will be subject to disciplinary action.

Target Date: August 1, 2016

SANCTIONS

Policies and procedures were reviewed, interviews were conducted and flowcharts were created and approved to gain an understanding of the sanction process. Additionally, the Ohio Job and Family Services Office of Family Assistance 2015 Sanction Audit Report was reviewed to determine the scope of audit work performed.

A Client Work Attendance Report was obtained, a sample was selected and detail testing was performed to ensure the client was properly sanctioned in CRIS-E (case management system) when the work requirement was not met.

No issues were noted.

II. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with ORC §149.433.