



# REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

## AUDIT OF THE COMMUNITY DEVELOPMENT, WORKFORCE DEVELOPMENT BUREAU

### INTERNAL AUDIT REPORT (IAR) 150019-03

May 20, 2019

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#### Report Highlights

#### Page(s)

- Employment rate, median income, and measurable skills gain goals were exceeded. 8
- Expenditures for youth programs should be increased to meet grant program requirements. 10



The Council  
City of Shreveport

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May 20, 2019

Councilman Jerry Bowman, Jr.  
Chairman, Shreveport City Council

Dear Councilman Bowman, Jr.:

Subject: IAR 150019-03 – Audit of the Community Development, Workforce  
Development Bureau

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Steward, CPA, CIA  
City Internal Auditor

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**EXECUTIVE SUMMARY**  
**AUDIT OF THE COMMUNITY DEVELOPMENT, WORKFORCE**  
**DEVELOPMENT BUREAU**  
**INTERNAL AUDIT REPORT (IAR) 150019-03**

**Why We Did This Audit**

We have completed an audit of the Community Development, Workforce Development Bureau. This audit was conducted as one of our regularly scheduled audits included in the annual Audit Plan developed by the City Internal Auditor. Our objective was to determine if the Workforce Development Bureau was operating efficiently and effectively and administering the Workforce Innovation and Opportunity Act Program (WIOA) in accordance with program requirements.

**What We Recommended**

We recommended the Workforce Development Bureau:

- Increase expenditures for out-of-school youth and establish procedures to ensure that all work experience costs are captured to meet funding requirements.

**Performance Audit:**  
**Community Development,**  
**Workforce Development Bureau**

**What We Found**

Workforce Development Bureau is responsible for managing training programs that are designed to improve the skills and job readiness of persons unemployed, underemployed and those seeking career changes. It coordinates services available under the Federal Workforce Innovation and Opportunity Act (WIOA), Strategies to Empower People Program (STEP) and the Louisiana Job Employment and Training Program (LaJET).

Generally, we found that operational and administrative controls within the organization were adequate. However, we identified the following issue:

- Did not expend at least 75% on out-of-school youth and at least 20% on youth work experiences.

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## Introduction and Background

Workforce Development Bureau is responsible for managing training programs that are designed to improve the skills and job readiness of persons unemployed, underemployed and those seeking career changes. It coordinates services available under the Federal Workforce Innovation and Opportunity Act (WIOA), Strategies to Empower People Program (STEP) and the Louisiana Job Employment and Training Program (LaJET). Workforce Development Programs are primarily funded by federal grants. For the period of April 1, 2015 through June 30, 2019 the Workforce Development Bureau was granted a total of \$5,048,655 through the Louisiana Workforce Commission, Office of Workforce Development for the WIOA program. This total consists of three grants.

*The goal of the WIOA program is to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.*

*The primary goal of the STEP program is to provide case management services to work eligible cash assistance recipients, as referred by the Louisiana Department of Children and Family Services (DCFS), to move those families from cash assistance to employment.*

*The purpose of the LaJET program is to provide Job Readiness services to able-bodied food stamp recipients in Caddo Parish. These services include two weeks of Job Readiness training, Individual Assessment, Testing, Counseling, Job Development, and Referral to other agencies. Participation in the program will increase their chances of obtaining further training and/or employment, and thus, reduce their need for public assistance.*

The WIOA requires the establishment of a Local Workforce Development Board (LWDB) in each local area of the State. The chief elected official (i.e., Mayor of City of Shreveport) of a local area is authorized to appoint the members of the LWDB. There are 23 members of the LWDB, which is comprised of representatives from private-sector businesses, education, labor, economic development, community-based organizations, and government. The LWDB is responsible for submitting a regional/local plan to the Louisiana Workforce Commission (LWC) that outlines a four-year strategy for the regions workforce development system to receive funding for core programs. The LWDB provides oversight to ensure the appropriate use, investment and management of funds for the workforce activities including the operation of the Caddo Business and Career Solutions Center.

The objectives of this audit were to determine the following:

- Whether operations are efficient and effective
- Compliance with WIOA program requirements



**Recommendation Evaluation Risk Criteria**

This report contains one finding with one recommendation. The chart below summarizes our evaluation of risk for the recommendations outlined in the report. Each recommendation was assessed a high, medium, or low risk level based on a qualitative assessment of exposure and/or corrective action priority.

<b>Risk Levels</b>	<b>Recommendations</b>
<p style="text-align: center;"><b>High</b></p> <p>Represents a <b>significant</b> level of risk exposure to city assets, public safety, or achievement of objectives or mission. Corrective action should have the highest priority.</p>	<p><b>None</b></p>
<p style="text-align: center;"><b>Medium</b></p> <p>Represents a <b>moderate</b> level of risk exposure to the city from extensive operating inefficiencies or high-level non-compliance issues. Corrective action should occur expeditiously.</p>	<p>➤ Increase expenditures for out-of-school youth and establish procedures to ensure that all work experience costs are captured to meet funding requirements.  <b>(Finding: Allowable Uses and Funding Limits for WIOA Funds)</b></p>
<p style="text-align: center;"><b>Low</b></p> <p>Represents a <b>minimal</b> level of risk exposure to the city from inefficiencies or low-level non-compliance issues. Corrective action should occur as appropriate.</p>	<p><b>None</b></p>



### **Scope and Methodology**

The scope of this audit includes Community Development, Workforce Development Bureau operating activities and financial reporting and performance occurring during the period January 2015 – June 2018 in regards to the Workforce Innovation and Opportunity Act (WIOA). To answer our objectives, we reviewed relevant internal controls and developed audit procedures that included but were not limited to the following:

- Interviewing management and staff members
- Reviewing compliance with program requirements
- Reviewing budget, monitoring and financial reports
- Reviewing grant/contract agreements

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, conclusions, and recommendations based on our audit objectives.

***We thank the personnel in the Workforce Development Bureau as well as personnel in other City Departments, for their cooperation and assistance in gathering information provided to us in our work on this project.***





# **FINDINGS AND RECOMMENDATIONS**



**Objective: Determine whether Workforce Development Bureau is operating efficiently and effectively.**

The Workforce Development Bureau has documented policies and procedures that provide guidance in carrying out the day-to-day operations in an efficient and effective manner and steps to follow to comply with applicable laws, regulations and grant agreements.

Workforce Innovation and Opportunity Act (WIOA) establishes the performance accountability measures, presented in Table A, that assess the effectiveness of achieving positive outcomes for the individuals served by the workforce development programs (Adult, Dislocated Worker, Youth, and Wagner-Peyser Employment Services) administered by the City's Workforce Development Bureau. Actual performance outcomes are presented in Table B. There were positive outcomes for all performance indicators except for the credential attainment for Adult and Youth.

Table A Workforce Innovation Opportunity Act Performance Measures	
Performance Measure/Programs	Description
<b>Unsubsidized Employment</b> <ul style="list-style-type: none"> <li>• <b>Adult</b></li> <li>• <b>Dislocated Worker</b></li> <li>• <b>Wagner-Peyser</b></li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of program participants who are in unsubsidized employment during the <b>second quarter</b> after exit from the program.</li> <li>• Percentage of program participants who are in unsubsidized employment during the <b>fourth quarter</b> after exit from the program.</li> </ul>
<b>Unsubsidized Employment/Education/ Training</b> <ul style="list-style-type: none"> <li>• <b>Youth</b></li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of program participants who are in education or training activities or in unsubsidized employment during the <b>second quarter</b> after exit from the program.</li> <li>• Percentage of program participants who are in education or training activities or in unsubsidized employment during the <b>fourth quarter</b> after exit from the program.</li> </ul>
<b>Median Earnings</b>	Median earnings of program participants who are in unsubsidized employment during the <b>second quarter</b> after exit from the program.
<b>Credential Attainment</b> <ul style="list-style-type: none"> <li>• <b>Adult</b></li> <li>• <b>Dislocated Worker</b></li> <li>• <b>Youth</b></li> </ul>	Percentage of program participants who obtain a recognized postsecondary credential, a secondary school diploma, or its recognized equivalent during participation in or within one year after exit from the program.
<b>Measurable Skill Gain</b> <ul style="list-style-type: none"> <li>• <b>Adult</b></li> <li>• <b>Dislocated Worker</b></li> <li>• <b>Youth</b></li> </ul>	Percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains toward such a credential or employment.
Source: Workforce Innovation and Opportunity Act of 2014	



**Table B**  
**Performance Outcomes during July 1, 2016 to June 30, 2018**

<b>WIOA Indicators</b>	<b>90% of Goal</b>	<b>Negotiated Level</b>	<b>Actual Performance</b>
<b>Adult</b>			
Employment Rate 2 <sup>nd</sup> Qtr After Exit	54.2%	60.2%	61.3%
Employment Rate 4 <sup>th</sup> Qtr After Exit	56.3%	62.5%	57.8%
Median Earnings 2 <sup>nd</sup> Qtr After Exit	\$4,113	\$4,570	\$6,075
Credential Attainment	57.9%	64.3%	0.0%
Measurable Skill Gains*	0.0%	0.0%	39.1%
<b>Dislocated Worker</b>			
Employment Rate 2 <sup>nd</sup> Qtr After Exit	57.7%	64.1%	61.7%
Employment Rate 4 <sup>th</sup> Qtr After Exit	56.4%	62.7%	61.1%
Median Earnings 2 <sup>nd</sup> Qtr After Exit	\$5,453	\$6,059	\$6,023
Credential Attainment	49.9%	55.4%	50.0%
Measurable Skill Gains*	0.0%	0.0%	37.5%
<b>Youth</b>			
Employment Rate 2 <sup>nd</sup> Qtr After Exit	56.9%	63.2%	76.2%
Employment Rate 4 <sup>th</sup> Qtr After Exit	59.0%	65.5%	66.7%
Median Earnings 2 <sup>nd</sup> Qtr After Exit*	\$0	\$0	\$1,672
Credential Attainment	49.4%	54.9%	0.0%
Measurable Skill Gains*	0.0%	0.0%	87.5%
<b>Wagner-Peyser</b>			
Employment Rate 2 <sup>nd</sup> Qtr After Exit	53.7%	59.7%	60.0%
Employment Rate 4 <sup>th</sup> Qtr After Exit	56.4%	62.7%	57.5%
Median Earnings 2 <sup>nd</sup> Qtr After Exit	\$3,916	\$4,351	\$5,830

**Source:** Provided by City of Shreveport Workforce Development Office

**Notes:**

Employment Rate 2<sup>nd</sup> Qtr After Exit: Rate of employment for exiters between 7/1/16 and 6/30/17  
 Employment Rate 4<sup>th</sup> Qtr After Exit: Rate of employment for exiters between 7/1/16 and 12/31/16  
 Median Earnings 2<sup>nd</sup> Qtr After Exit: Median earnings by exiters between 7/1/16 and 6/30/17  
 Credential Attainment Rate: Rate of credentials attained by exiters between 7/1/16 and 12/31/16  
 Measurable Skill Gains: Rate of measurable skill gains by exiters between 7/1/16 and 6/30/18

\*This is a baseline indicator: No goal established because there is inadequate data to make a reasonable determination of an expected level of performance. Actual performance data will serve as baseline data in future years. (Source: WIOA State Plan of Louisiana)

Positive Outcome

Negative Outcome



Per the 2018 budget the below accomplishments were achieved:

- 17,903 customers received job placement-related services.
- Over 67 youth received educational and career preparation services.
- 292 STEP participants received services during September 2016 – December 2016.
- 2017 Summer Youth Employment Training Program was implemented and administered by the Bureau. 81 youth were employed and placed at job sites throughout the City of Shreveport.
- The LaJET program served 1,282 participants January 1, 2017 to July 28, 2017. 650 (51%) of 1,282 completed the program and 150 (23%) of 650 obtained full-time employment.





Objective: Determine compliance with program requirements.

### Allowable Uses and Funding Limits for WIOA Funds

The WIOA grant agreements outline the requirements for the use of the allocated funds. One requirement is at least 75 percent of funds available for youth workforce investment activities must be spent on out-of-school youth. We found that the requirement was not met because only 62 percent was spent on out-of-school youth for the grant period April 1, 2015 through June 30, 2017.

Additionally, the WIOA grant requires that at least 20 percent of youth formula funds must be spent on paid and unpaid work experiences that incorporate academic and occupational education for out-of-school and in-school youth. We found that for the grant periods April 1, 2015 through June 30, 2017 and April 1, 2016 through June 30, 2018 the requirement was not met because approximately only 6 percent and 10 percent, respectively, of youth funds had been spent on youth work experiences.

For the grant period April 1, 2015 through June 30, 2017, the unmet 20 percent requirement was reported as a finding in a Louisiana Workforce Commission Monitoring Report dated August 17, 2018. **<Auditor Note: Louisiana Workforce Commission Office of Workforce Development conducts at least one annual on-site monitoring review.>** The Workforce Development Office management responded to the report with a corrective action plan to increase work experience expenditures to meet the 20 percent requirement. According to Workforce Development personnel, a reason the 20 percent was not achieved was all allowable work experience costs were not designated or charged as work experience on documents used to prepare the monthly expenditure reports.

If compliance requirements are not met, funding could be terminated.





**Recommendation 1:** Increase expenditures for out-of-school youth and establish procedures to ensure that all work experience costs are captured to meet funding requirements.

**Management Response:**

Local Workforce Development Area (LWDA) 71, concur with the finding that requires not less than 75 percent of WIOA grant funds available for youth workforce activities must be spent on out-of-school youth. The corrective actions plans taken will include increasing our out-of-school youth enrollment and participation, insuring that staff time working to identify out-of-school youth and developing out-of-school work experience opportunities, including staff time spent working with employers to identify and develop the work experience opportunity for out-of-school youth be an allowable expenditure. Staff time working with employers to ensure an out-of-school youth a successful work experience, including staff time spent managing the work experience will be an allowable out-of-school youth activity. LWDA 71 will allow the out-of-school youth participant work experience and employer work experience orientation sessions to be charged as an allowable out-of-school activity. Classroom training or the required academic education component directly related to out-of-school youth activity and employability skills/job readiness training to prepare out-of-school youth for work experience will also be an allowable out-of-school youth activity. This plan of action is currently in place with an effective date of July 1, 2018.

Due Date:





Prepared by:

A handwritten signature in blue ink that reads "Tamika Ford".

Tamika Ford, CIA  
Staff Auditor III

Approved by:

A handwritten signature in blue ink that reads "Leanis L. Steward".

Leanis L. Steward, CPA, CIA  
City Internal Auditor

tf:dw

c: City Council  
Clerk of Council  
Mayor  
Chief Administrative Officer  
Carr Riggs and Ingram  
Director of Community Development  
Bureau Chief of Workforce Development