

LOUISIANA WORKFORCE COMMISSION
RECOVERY WORKFORCE TRAINING PROGRAM



PERFORMANCE AUDIT
ISSUED JANUARY 28, 2009

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

January 28, 2009

The Honorable Joel T. Chaisson, II,
President of the Senate
The Honorable Jim Tucker,
Speaker of the House of Representatives

Dear Senator Chaisson and Representative Tucker:

This report provides the results of our performance audit of the Recovery Workforce Training Program being managed by the Louisiana Workforce Commission (LWC). The audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended.

The report contains our findings, conclusions and recommendations. Appendix B contains LWC's response. I hope this report will benefit you in your decision-making process.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve J. Theriot", is written over a faint, circular watermark or seal.

Steve J. Theriot, CPA
Legislative Auditor

SJT/dl

Office of Legislative Auditor

Steve J. Theriot, CPA, Legislative Auditor

Louisiana Workforce Commission Recovery Workforce Training Program

January 2009



Audit Control # 07302093

Objectives and Overall Results

We conducted a performance audit of the Recovery Workforce Training Program (RWTP) being managed by the Louisiana Workforce Commission (LWC). We focused our audit efforts on the period of May 2007 to October 2008. During this period, legislation was passed that transferred the management of the RWTP from the LWC (under the Office of the Governor) to the new LWC (formerly known as the Department of Labor). This transfer took effect July 1, 2008. As a result, any reference to LWC for activities before July 1, 2008, refers to the former LWC (under the Office of the Governor). Any reference to activities after this date refers to the newly named LWC (formerly the Department of Labor).

We focused our audit efforts on how LWC monitored the entities receiving grants funded through the RWTP. Our objective and the results of our work are summarized as follows:

Objective 1: Did LWC monitor the RWTP per their agreement with the Office of Community Development (OCD)?

Results: LWC did not meet all of the monitoring requirements included in their agreement with OCD. Our audit findings describe the issues we found with LWC's monitoring efforts. If these problems are not fixed, management will continue to have trouble effectively administering the RWTP. These findings are as follows:

- LWC did not conduct start-up monitoring visits for all grantees before or during initial stages of training to guide program implementation.
- LWC has not made progress with on-going compliance monitoring.
- LWC staff did not always conduct complete monitoring visits.
- LWC did not implement a process to formally approve and document programmatic changes to grants.
- LWC did not ensure that grantees' subcontracts were finalized.
- LWC did not ensure that accurate program data was collected and reported by grantees.

Scope and Methodology

We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. We followed generally accepted government auditing standards as promulgated by the Comptroller General of the United States.

To answer our objectives, we performed the following work:

- Interviewed LWC management and staff regarding their monitoring processes, monitoring policies and procedures, and monitoring tools
- Interviewed staff from the Louisiana Recovery Authority (LRA) and Office of Community Development's (OCD) Disaster Recovery Unit regarding the creation and implementation of the program and their involvement in the program
- Obtained and reviewed LWC's RWTP policies and procedures and the tools (checklists) relating to the agency's monitoring of grantees
- Interviewed staff from 10 of the 18 grantees (workforce intermediary and fiscal agents) to obtain a better understanding of their program and the LWC's monitoring from November through December 2007
- Attended LWC monitoring site-visits to three grant programs
- Reviewed LWC staff's site visit reports for visits made from May 2007 through March 2008
- Assessed reported performance data (second quarter 2007 through fourth quarter 2007) pertaining to two of the 18 RWTP grants to identify if problems existed with outcome data, to show importance/necessity for monitoring outcomes, and to determine if grantees were meeting contract deliverables
- Followed up with RWTP staff in October 2008 to determine the progress LWC had made in its monitoring efforts

Appendix B contains a copy of management's response to this report.

Background

Overview of the Recovery Workforce Training Program

The RWTP is one of several disaster recovery economic development programs funded through supplemental Community Development Block Grant (CDBG) funds. The total funding for the program is \$38 million. CDBG funding of the program will end on December 31, 2009. The RWTP was established by the LRA in cooperation with the state OCD's Disaster Recovery

Unit. The LRA chose the LWC (under the Office of the Governor) to serve as the administrative entity for the program. In 2008, legislation moved management of the RWTP from the LWC to the Department of Labor. Also, legislation changed the Department of Labor's name to the Louisiana Workforce Commission. Any reference to LWC for activities before July 1, 2008, refers to the former LWC. Any reference to activities after this date refers to the newly named LWC.

Purpose of Grant Program. The RWTP addresses the need for a well-trained workforce to meet the immediate and long-term needs of the regions most impacted by hurricanes Katrina and Rita. The RWTP focuses on training targeted to six industry sectors critical for recovery:

- Construction Sector
- Healthcare Sector
- Transportation Sector
- Advanced Manufacturing Sector
- Oil and Gas Sector
- Cultural Economy Sector

Grantees. The RWTP provides grants to partnerships that are to deliver sector-based workforce development programs. These partnerships are to bring together training sources, employers and social services to create a comprehensive response to the workforce needs of a particular industry. Grantees are to coordinate the recruitment, screening, assessment, training, and placement of workers. The partnership is led by a workforce intermediary that works with employers to assess the industry's needs and coordinates the various training components and partners. The partnership also includes a fiscal agent who performs the fiduciary operations of the grant, including submitting reimbursement requests to LWC.

LWC's Role. The LWC, through an agreement with OCD, is responsible for administering the program. This responsibility includes monitoring the entities receiving grants funded through the RWTP. The agreement with OCD states that LWC will perform on-site and administrative monitoring functions to determine adequate financial management, performance, and capacity of grantees. LWC is to ensure that grantees are able to carry out duties as described in their agreements and are in compliance with these agreements. In addition, LWC is to determine the progress that grantees are making. The agreement also instructs LWC to identify problems and assist grantees in complying with agreed-upon regulations and program requirements.

The LWC managed the competitive selection process and awarded grants to 18 sector initiative partnerships. The LWC signed contracts with the fiscal agents for each grant. The fiscal agent was to then contract with the workforce intermediaries and partners as necessary. See Appendix A for detailed information on each of the 18 RWTP grants, including the entities LWC entered into a contract with to manage each grant.

LWC Staffing. During the majority of our audit work, the LWC had two program managers/monitors and one fiscal manager to oversee this program. The program managers’ responsibilities included providing the grantees direction on program enhancement, providing technical assistance, and monitoring the individual grants. The RWTP fiscal manager’s responsibilities included processing reimbursement requests from the fiscal agents, overseeing budget revisions, and ensuring that grantees comply with all required CDBG fiscal reporting and recordkeeping requirements. At the end of this audit, the newly named LWC was working to identify and implement a staffing design for administration of the RWTP.

Exhibit 1 summarizes the roles of the LWC, workforce intermediaries, and fiscal agents with the RWTP.

Exhibit 1 Organizations’ Roles With RWTP	
Entity	Role(s)
Louisiana Workforce Commission (LWC)	<ul style="list-style-type: none"> • Manage the Request for Proposal process • Assist grantees in implementing programs (technical assistance) • Provide financial oversight of the grantees (monitor grantee expenditures and invoices) • Review and approve budget amendments • Review and submit grantee payment requests to OCD • Monitor the programs to ensure progress and completion of services
Program Workforce Intermediaries	<ul style="list-style-type: none"> • Assess and meet industry workforce needs • Coordinate service delivery of program • Act as primary contact for LWC staff • Communicate program requirements to all program partners • Monitor partners for programmatic compliance • Collect and report program data
Program Fiscal Agents	<ul style="list-style-type: none"> • Manage the fiduciary transactions for program including sending reimbursement requests to LWC • Oversee federal CDBG administrative requirements for program • Execute contracts for delivery of program services
<p>Source: Prepared by legislative auditor’s staff from information provided by LRA, OCD and LWC.</p>	

Objective 1: Did LWC Monitor the RWTP Per Their Agreement With OCD?

LWC did not meet all of the monitoring requirements included in the agreement with OCD. This is due to LWC management not developing and implementing an effective monitoring system to provide guidance to program monitors and hold them accountable for job performance. LWC did not conduct start-up visits as needed and made little progress with on-going monitoring visits. For the monitoring visits they did conduct, LWC did not always complete all essential monitoring tasks. It also had issues with managing contracts. Finally, LWC did not ensure that accurate performance data was collected and reported by grantees.

In March 2008, we informed LWC management of the monitoring issues we identified. We followed up with the RWTP staff in October 2008 to determine the progress LWC had made in their monitoring efforts. By this date, the Department of Labor (newly designated as the LWC) had assumed management of RWTP. They stated that no additional monitoring visits had been conducted since April 2008, including verification of grantees' reported performance data. At the end of our audit, RWTP management informed us that they "hosted in-depth face-to-face meetings with all grantees . . . in-house" to address fiscal and programmatic monitoring concerns. Also, RWTP program staff told us that they are making progress with the contract management problems that we identified. If all problems are not corrected, management will continue to have trouble effectively administering the RWTP.

LWC Did Not Conduct Start-Up Monitoring Visits for All Grantees Before or During Initial Stages of Training to Guide Program Implementation

LWC did not conduct start-up monitoring visits for all grantees before or during initial stages of training to ensure grantees had sufficient procedures, facilities, and equipment in place when they began training. Five of the 18 grantees did not receive start-up monitoring visits until the first quarter of 2008 even though all grants began training by September 2007. In addition, LWC staff had not conducted a start-up monitoring visit to one grantee as late as March 2008. We followed up with RWTP staff in October 2008 and found that this one grantee has still not received a start-up visit.

The agreement between LWC and OCD requires LWC to conduct adequate monitoring activities, such as on-site visits, to ensure grantees achieve their performance objectives on schedule. The agreement also states LWC is to assess grantees' capacity to carry out their approved programs. To meet these monitoring requirements, LWC needed to begin conducting on-site monitoring visits before grantees began implementing their programs to verify the grantees' capabilities to carry out programs successfully.

LWC staff did not conduct these initial monitoring visits in a timely manner because management did not provide sufficient guidance on when to conduct start-up monitoring visits. LWC management did not develop and implement a detailed monitoring plan and schedule for staff to follow until approximately six months after the program actually began, which was too late to implement effective oversight during the initial stages of training.

Because LWC did not conduct start-up monitoring visits in a timely manner, they were not able to ensure that all grantees had adequate procedures in place to effectively guide their programs before the programs began. For instance, LWC was not able to ensure that procedures existed to guide recruitment, training, and placement. Also, LWC staff may have missed opportunities to correct small deficiencies before they became major problems. As presented later in this report, grantees have had problems interpreting performance data that they were to collect and report to LWC. Start-up visits would have afforded LWC staff and grantees an opportunity to work through such issues. However, LWC staff did not take advantage of such opportunities and grantees have reported inaccurate data to LWC.

LWC Has Not Made Progress With On-Going Compliance Monitoring

LWC staff is required to monitor grantees for program progress and outcomes, which they accomplish through on-going monitoring visits. However, they had not made significant progress with conducting these monitoring visits as of April 2008. By this time, LWC staff had conducted only two on-going compliance monitoring visits even though 13 grantees reported that some participants had completed training and some were placed into employment. We followed up with RWTP staff in October 2008 and found that they had not conducted any additional on-going monitoring visits. However, new management informed us that they did meet with all grantees in-house to address fiscal and programmatic monitoring problems.

The agreement between OCD and LWC states that the LWC is responsible for determining the adequacy of each grantee's performance. To accomplish this responsibility, the agreement requires LWC to conduct on-site visits to grantees to:

- (1) determine if grantees are carrying out their programs in accordance with their contract;
- (2) review the progress and completion of each grantee's services; and
- (3) assure that grantees' performance goals are being achieved.

LWC management eventually developed and implemented a monitoring plan to guide staff on these visits. Although the plan came late in the process, it did direct staff to conduct compliance monitoring while training is occurring or when training is complete. LWC management was responsible to ensure that staff followed the plan and monitored all grantees. Management informed us that their limited number of staff contributed to the lack of monitoring.

Because staff has not conducted on-going compliance monitoring for a majority of grantees, they will not be able to fully identify and evaluate each grantee's performance. In addition, they will have trouble ensuring that the grantees are carrying out activities in accordance with their contracts.

Recommendation 1: RWTP management should ensure that they conduct on-going monitoring visits to fulfill the oversight responsibilities as outlined in the contract with OCD.

Summary of Management's Response: LWC agrees with this recommendation. On-going monitoring visits for the CDBG will be conducted by the Compliance Division. A Monitoring Plan will be launched in January 2009. Monitoring guidelines will be formally communicated to the grantees. The Program Managers will continue a schedule of on-site visits for purposes of ensuring performance objectives and providing technical assistance. LWC conducted "in-house monitoring" meetings with each grantee beginning August 26, 2008, and concluding October 1, 2008. Major areas of concern addressed in these meetings included assuring that grantees which served as fiscal agents thoroughly understood their obligation to know and follow the Office of Management and Budget circulars and federal regulations which apply to reimbursements, proper documentation of time and effort spent on the grant, review of participant/performance information, and the review of subcontracts for professional services.

LWC Staff Did Not Always Conduct Complete Monitoring Visits

LWC staff did conduct some start-up and on-going monitoring visits. However, in certain cases, staff did not complete all essential tasks on their monitoring checklists. As mentioned previously, we followed up with RWTP staff in October 2008 and found that staff had not conducted any additional monitoring visits since April 2008; therefore, no improvement was made in this area.

During observations of monitoring visits and reviews of monitoring reports, we found examples of incomplete monitoring practices by RWTP program staff. RWTP staff used their checklists, but monitors did not always:

- (1) verify that grantees had written policies/procedures for each component of their program;
- (2) follow up to examine content of actual files; and
- (3) document whether grantees met all monitoring criteria listed on the monitoring visit checklists.

LWC management could have avoided such situations by developing and implementing monitoring checklists in the early stages of the RWTP. They could have then made it clear that staff were expected to adhere to checklists and conduct complete monitoring visits. Furthermore, management could have evaluated monitoring visits and reports done by staff to

ensure completeness. If they identified incomplete work, management could have then instructed staff to complete their monitoring tasks. LWC management did not develop and implement a system to effectively oversee the monitoring work of their staff.

It is important that staff monitor the grantees in a complete manner because the RWTP has a complex program structure. Multiple contractors (i.e., grantees) and subcontractors administer this program. These layers add difficulty to the LWC's job of monitoring to ensure the success of all the funded grants. Without complete monitoring, the management and staff will not be able to ensure that the grantees are meeting the terms of their contracts.

Recommendation 2: RWTP management should ensure that the RWTP monitoring staff is using monitoring checklists and other guidance to conduct complete monitoring visits.

Management's Response: LWC agrees with this recommendation. The Compliance Division has developed tools in conjunction with CDBG staff that will provide for systematic reviews designed to address specific objectives regarding economy, efficiency and the effectiveness of programs, of a recipient and sub-recipient. These reviews will be conducted on-site which will allow the monitor to analyze the quality of the defined outcomes.

Recommendation 3: RWTP management should develop and implement a system to review the monitoring work of staff to ensure completeness of their work.

Management's Response: LWC agrees with this recommendation. The Compliance Division Director has developed a system of review going forward to include, but is not limited to, evaluating the completeness of the monitor's work and the review of all work-papers, which must identify the sources of information in their reports.

LWC Did Not Implement a Process to Formally Approve and Document Programmatic Changes to Grants

LWC allowed grantees to make changes to grant programs without their formal approval. In addition, LWC did not adequately document these changes. Finally, LWC staff did not ensure that contracts were revised in response to these changes. We followed up with RWTP staff in October 2008. The staff informed us that they are working to correct these problems.

During discussions with grantees and LWC staff, we found that at least nine grantees were conducting tasks that were different from what was in their original agreements with LWC. Some of these revisions were significant, such as changing the focus of a grant's training; adding new types of training; or increasing the length of training. For one of these grants, a sub-contractor was not providing services as stated in the grantee's contract with LWC, but LWC staff were not aware. For other programmatic revisions, LWC staff were aware of the changes but did not provide evidence of their formal approval and documentation of programmatic changes. LWC did not always make revisions to contracts to reflect significant programmatic changes.

The agreement between LWC and OCD states that LWC is to determine and ensure that grantees are carrying out their programs in accordance with their contract. For LWC to accomplish this requirement and effectively oversee grantees, they must know what is occurring in each program and have control over changes. LWC management should have developed and implemented a formal process for approving and documenting revisions to grant programs before the RWTP began. Such a process would have allowed management to keep track of program changes and, in turn, exercise effective oversight of the RWTP.

LWC staff told us that they encourage grantees to change programs to meet the needs of employers but do not keep formal documentation of program changes unless they directly affect a grantee's budget. However, these budget revision documents do not provide a clear and complete picture of the nature and extent of programmatic changes. As a result, monitoring staff cannot rely on their records to identify each grant program's current recruiting, training, retention, and tracking processes. It will be difficult for RWTP management to administer the program if grant programs are changing and they do not know what specific tasks the grantees and their partners are responsible for.

Recommendation 4: RWTP management should ensure that program changes are formally approved and documented in order to keep track of each grant's current program design and agreed upon services.

Management's Response: LWC agrees with this recommendation. Per the sub-recipient agreement with each of the 18 grantees, changes will be submitted to the Office of Contractual Review (OCR) as program amendments for approval. All change requests are reviewed and analyzed by program staff prior to the formal approval process by OCR. During the in-house monitoring visits, this formal process was clearly specified by RWTP management, that all program changes must be officially approved through the Office of Contractual Review.

Recommendation 5: RWTP management should ensure that grantees' contracts are updated to reflect program changes.

Management's Response: LWC agrees with this recommendation. During the in-house monitoring visits, RWTP management addressed program changes. It was emphasized that the program changes must be formally addressed through program modifications that are in line with current program design and agreed upon services. Per the sub-recipient agreement with each of the 18 grantees, changes will be submitted to the Office of Contractual Review as program amendments for approval.

LWC Did Not Ensure That Grantees' Subcontracts Were Finalized

Grantees can subcontract with entities to carry out their RWTP funded programs. However, LWC staff did not verify and collect copies of the grantees' signed subcontracts with these entities. The LWC did not enforce its agreement with the grantees which requires the grantees to provide LWC with executed copies of all contracts. In addition, the agreement

between LWC and OCD states that as monitor of the grantees, LWC is to determine whether the grantees are carrying out their programs in accordance with their agreement. To meet this requirement, LWC needs to verify and collect executed copies of all subcontracts.

When we asked in February 2008, LWC staff could not provide documentation of signed contracts between grantees and their workforce intermediaries and program partners for any of the 18 grants. LWC staff told us that while they did not have copies, they reviewed and verified these subcontracts. However, during a file review of one of the grantees,¹ we determined that they had not yet signed a contract with their workforce intermediary and a partner who provided recruiting services. LWC management acknowledged that they had not collected these documents in the past and told us that the staff were working on collecting these documents. We followed up with RWTP staff in October 2008 and staff informed us that they had received all copies of executed contracts. We did not conduct further audit work to confirm this statement.

LWC had problems verifying and collecting all executed subcontracts because LWC management did not require them to do so and did not provide the necessary guidance. If RWTP management does not ensure that all contracts have been executed and are in their possession, they cannot be certain of what services are to be provided. If they are uncertain as to agreed-upon services, they may have difficulty providing programmatic and fiscal oversight. They may also have difficulty holding grantees accountable for noncompliance or poor performance.

Recommendation 6: RWTP management should verify that all grantees have properly finalized their sub-contracts.

Management's Response: LWC agrees with this recommendation. During the in-house monitoring visits, RWTP management addressed assuring grantees, as fiscal agents, thoroughly understood their obligation to complete subcontracts for professional services and provide documentation of finalized agreements to the LWC for review and approval. RWTP management will continue to verify that all grantees have properly finalized their sub-contracts.

Recommendation 7: RWTP management should collect and maintain documentation of all finalized sub-contracts for all grantees.

Management's Response: LWC agrees with this recommendation. LWC maintains copies of all finalized sub-contracts for all grantees and will continue that process going forward. Monitoring visits will confirm that finalized contract documents are also properly maintained by the grantees.

Additional Information on In-Kind Services: LWC does not require the grantees to enter into Memorandum of Understanding (MOU) agreements with partners providing in-kind services (i.e., services provided free of charge). A formal agreement between grantees and partners who provide in-kind services could formally establish which services a partner will provide. Finalized MOUs could strengthen RWTP management's oversight by helping them better understand the role of these partners in the implementation of the various grants.

¹ The issue of LWC staff not verifying grantees' signed subcontracts was not part of the audit's original scope. We discovered this issue and this individual situation while conducting other fieldwork. We did not contact all other grantees to determine the status of their subcontracts.

Recommendation 8: RWTP management should consider whether all grantees should sign MOU agreements with partners who provide only in-kind services.

Management's Response: LWC agrees with this recommendation. LWC customarily considers and often advises in many instances the formal process of signing MOU agreements to properly define in-kind services among partners. Given that the partners in the CDBG grants are part of a consortium who jointly submitted this grant application specifying their in-kind and other services, LWC believes it is not necessary to require MOU agreements in this case. The grantees will be advised of this option to determine if implementation of MOU agreements are applicable and appropriate in specific circumstances.

LWC Did Not Ensure That Accurate Program Data Was Collected and Reported by Grantees

LWC has not verified the reported performance data submitted by RWTP grantees as required by its agreement with OCD. The agreement states that LWC is to assure that grantees' performance goals are being met. The policies and procedures for the program also direct LWC staff to verify performance data reported by the grantees. However, as of April 2008, LWC staff had reviewed the performance data from only one of the 18 grantees even though all grantees reported that they began training by September 2007. We followed up with RWTP staff in October 2008 and found that they had not conducted any additional assessments of performance data.

As a result of LWC not actively monitoring performance data from all grantees, problems exist with the data grantees collect and report. We assessed the accuracy of reported program data² for two (11%) of the 18 grantees and found the following problems:

- Both grantees defined performance indicators differently than the LWC defined them, resulting in inaccurate program data.
- One grantee could not confirm the accuracy of three of seven (43%) outcomes because they did not document and could not explain how they came up with the data.
- Information on participants was inaccurate for one grantee because they did not collect performance data for some early training classes.
- One grantee trained participants that did not meet all entrance qualifications.

Also, grantees informed LWC staff at a January 2008 meeting that they were having trouble defining their performance outcomes. One grantee told us that their quarterly reports were probably wrong due to their misinterpretation of a performance indicator definition.

²We assessed indicators for second quarter 2007 through fourth quarter 2007.

LWC management should have made program monitors visit grantees at the beginning stages of the RWTP. During these early visits, staff could have worked with grantees to correct any problems with performance data collection and reporting methods. However, LWC management did not even have a written monitoring plan and schedule until approximately six months after the program began. In addition, management should have made sure that staff conducted on-going monitoring visits to identify and correct collection and reporting problems. Without such monitoring, problems with performance data will continue and RWTP management will not be able to ensure that grantees are performing in accordance with their contracts.

Recommendation 9: RWTP management should ensure that reported program outcomes for all grants are accurate. If management determines any outcomes are inaccurate, they should work with the grantee(s) to correct the cause(s) of the inaccuracies.

Summary of Management's Response: LWC agrees with this recommendation. LWC, through Program Managers, will work with grantees to confirm clear definitions of performance indicators. If indicators that have been used in the past are no longer meaningful, reliable, or appropriate, meaningful indicators will be developed and approved by RWTP management. Further, RWTP management will ensure that indicators of program outcomes are used consistently and are reported accurately. Accurately tracking performance is a priority of LWC and will be given the utmost importance as the grants move forward. Program Managers will work with grantees to correct any inaccuracies.

RWTP Funding Awards

Workforce Intermediary	Fiscal Agent*	Sector	Examples of Target Occupations	Region of Benefit	Total Participants to be Trained** (contract deliverables)	Award Amount	Funding Requested***
Greater New Orleans, Inc.	Greater New Orleans, Inc.	Advanced Manufacturing	Welder, Pipefitter, Machinist, Mechanic,	Katrina Impacted Area	1,000	\$2,000,000	\$1,183,225
Louisiana Technical College Region IV	Louisiana Technical College Region IV	Advanced Manufacturing	Welders	Rita Impacted Area	105	\$1,500,000	\$392,086
New Orleans Worker Resource Center	South Central Laborers Training and Apprenticeship Fund	Construction	Plumber, Pipelayer, Painter, Electrician, Roofer, Mason, Carpenter	Katrina Impacted Area	612	\$2,500,000	\$379,438
Department of Public Safety and Corrections	Department of Public Safety and Corrections	Construction	Carpenters, Masons, Welders, Plumbers, Electricians	Katrina and Rita Impacted Areas	960	\$800,000	\$547,054
The Gulf Coast Construction Careers Center	The Center to Protect Workers' Rights	Construction	Electricians, Plumbers, Painters, Carpenters, Ironworkers	Katrina Impacted Area	507	\$3,000,000	\$709,927
Pelican Chapter - Associated Builders and Contractors	Pelican Chapter - Associated Builders and Contractors	Construction	Carpenter, Electrician, Pipefitter, Welder	Katrina and Rita Impacted Areas	158	\$1,250,000	\$779,882
Louisiana Technical College Region IX	Louisiana Technical College Hammond Area Campus	Construction	Carpenter, Electrician, Plumber, HVAC Technician	St. Tammany, Tangipahoa and Washington Parishes	330	\$1,500,000	\$325,970
Louisiana Technical College Region IV	Louisiana Technical College Region IV	Construction	Carpenter, Maintenance Worker, Welder, Air Conditioner Tech	Katrina Impacted Area	213	\$2,200,000	\$445,001
Acadiana Regional Development District	Acadiana Regional Development District	Oil and Gas	Drilling and Production Worker	Katrina Impacted Area	344	\$1,500,000	\$286,481

RWTP Funding Awards

Workforce Intermediary	Fiscal Agent*	Sector	Examples of Target Occupations	Region of Benefit	Total Participants to be Trained** (contract deliverables)	Award Amount	Funding Requested***
Career Builders of Louisiana	Louisiana Foundation for Excellence in Science and Technology Education	Oil and Gas	Entry, Intermediate and Advanced Level Drilling and Production Positions	Katrina Impacted Area	187	\$1,500,000	\$539,404
New Orleans Video Access Center	New Orleans Video Access Center	Cultural Economy - Film/TV	Production Assistant, Laborer, Electrician/Grip	Greater New Orleans	162	\$750,000	\$227,292
Jefferson Parish Chamber of Commerce	Delgado Community College	Cultural Economy - Culinary Arts	Entry-level Line Cook, Restaurant Manager	Greater New Orleans	596	\$1,500,000	\$554,046
Southwest Louisiana Area Health Education Center	Southwest Louisiana Area Health Education Center	Healthcare	Registered Nurse, Licensed Practical Nurse, Certified Nursing Assistant	Katrina and Rita Impacted Areas	984	\$6,000,000	\$1,298,382
Greater New Orleans, Inc.	Delgado Community College	Healthcare	Registered Nurse, Certified Nursing Assistant, Medical Coder	Katrina Impacted Area	810	\$6,000,000	\$1,231,041
Louisiana Public Health Institute	Louisiana Public Health Institute	Healthcare	Emergency Medical Technician, Registered Nurse	Katrina and Rita Impacted Areas	82	\$2,000,000	\$55,062
South Louisiana Economic Council	L. E. Fletcher Technical Community College	Transportation	Truck Drivers	Lafourche, Terrebonne, and St. Mary Parishes	619	\$1,500,000	\$275,165
Louisiana Technical College Region IV	Louisiana Technical College Region IV	Transportation	Truck Drivers, Commercial Pilots	Rita Impacted Areas	136	\$1,000,000	\$609,008

RWTP Funding Awards

Workforce Intermediary	Fiscal Agent*	Sector	Examples of Target Occupations	Region of Benefit	Total Participants to be Trained** (contract deliverables)	Award Amount	Funding Requested***
Delgado Community College	Delgado Community College	Transportation	Maritime Transportation: Deckhand, Captain, Pilot	Katrina Impacted Areas	375	\$1,500,000	\$630,544
Totals					8,180	\$38,000,000	\$10,469,008

Source: Prepared by legislative auditor’s staff from information provided by LWC staff.

*LWC entered into agreements with these organizations to implement and manage the grants.

**These deliverables are listed in the grantees’ contracts with LWC; however, LWC staff will allow each grantee to revise training projections throughout the grant period.

**Funding requests approved by LWC as of August 13, 2008.

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APPENDIX B: MANAGEMENT'S RESPONSE

January 8, 2009

Mr. Steve J. Theriot, CPA
Legislative Auditor
PO Box 94387
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

Please accept this as our written response to your December 22, 2008 letter regarding Performance Audit issues for the Louisiana Workforce Commission, Community Development Block Grant (CDBG) Program under the Office of Community Development (OCD).

As noted in the report, during the audit period of review, the overall management of the Recovery Workforce Training Program (RWTP) was transferred from the Louisiana Workforce Commission under the Office of the Governor to the new Louisiana Workforce Commission (LWC), formerly known as the Louisiana Department of Labor (LDOL), effective July 1, 2008.

Upon assumption of the responsibility for the RWTP grants, the new LWC set out to:

- 1) Meet directly with the 18 grantees for an 'in-house' monitoring visit. The LWC met with the stakeholders of each grant to assess the contracts, review performance, and clarify procedures going forward for future contract modifications and for monitoring.
- 2) Determine the appropriate contract modifications through a detailed legal and content review to bring all 18 contracts up-to-date. The review was administered under the guidelines of the Office of Contractual Review procedures, and in accordance with the existing contract administration procedures in place under the new LWC.
- 3) Implement personnel and administrative structural changes to confront noted issues of oversight and monitoring. This includes clarifying the definition of the Program Managers, whose stated responsibilities include providing grantees direction on program enhancements, providing technical assistance, and monitoring the individual grants. LWC recognizes the importance of clearly defining monitoring functions, a process for checking for completeness of monitoring, and assurance of performance results. LWC has defined a structure to assure full and complete monitoring as consistent with ongoing LWC policies.
- 4) Develop a Performance Monitoring Plan to be effective by January 2009.

The impact of these steps is more clearly described in the following detailed responses to the audit recommendations. The LWC offers extensive experience in contract implementation, oversight and monitoring. The agency will adhere to existing policies

and procedures that have met all federal standards, incorporating any of those specific to HUD/CDBG-funded grants. While the new LWC assumes the responsibility for these grants as of July 1, it cannot directly be held accountable for the findings before such time. However, the LWC acknowledges those comments and has incorporated them in actions going forward.

Recommendation #1

RWTP management should ensure that they conduct on-going monitoring visits to fulfill their oversight responsibilities as outlined in the contract with OCD.

Management Response #1:

The LWC Compliance Division within the Office of Workforce Development (OWD) is positioned to perform audit/monitoring of federal/state programs, such as the CDBG program. The mission of the Compliance Division is to ensure that workforce development activities administered by LWC adhere to federal/state statutes, rules, regulations, performance and contractual obligations. On-going monitoring visits for the CDBG will be conducted by the Compliance Division. A Monitoring Plan will be launched in January 2009. Monitoring guidelines will be formally communicated to the grantees. The Program Managers will continue a schedule of on-site visits for purposes of ensuring performance objectives and providing technical assistance.

The monitoring visits referenced in this report involved on-site visits by the Program Managers to the 18 grantees to review and complete monitoring check lists. At the time of the transfer of program management and due to the urgency of completing CDBG reimbursements, it was determined that it would be more efficient to conduct 'in-house monitoring' meetings with each of the grantees. Beginning August 26, 2008, and concluding October 1, 2008, (scheduling interruptions were experienced due to Hurricanes Gustav and Ike which lengthened the process), LWC grant administrative staff hosted in-depth, face-to-face, individual meetings with each of the 18 grantees. Major areas of concern addressed in these meetings included assuring grantees that served as fiscal agents thoroughly understood their obligation to know and follow the Office of Management and Budget (OMB) circulars and federal regulations which apply to reimbursements, proper documentation of time and effort spent on the grant, allocable and indirect cost issues, review of participant/performance information, and the review of subcontracts for professional services, per each grantee.

Recommendation #2

RWTP management should ensure that the RWTP monitoring staff is using monitoring checklists and other guidance to conduct complete monitoring visits.

Management Response #2:

The Compliance Division has developed tools in conjunction with CDBG staff that will provide for systematic reviews designed to address specific objectives regarding economy, efficiency and the effectiveness of programs, of a recipient and sub-recipient. These reviews will be conducted on-site which will allow the monitor to analyze the quality of the defined outcomes.

Recommendation #3

RWTP management should develop and implement a system to review the monitoring work of staff to ensure completeness of their work.

Management Response #3:

The Compliance Division Director has developed a system of review going forward to include, but is not limited to evaluating the completeness of the monitor's work and the review of all work-papers, which must identify the sources of information in their reports.

Recommendation #4

RWTP management should ensure that program changes are formally approved and documented in order to keep track of each grant's current program design and agreed upon services.

Management Response #4:

Per the sub-recipient agreement with each of the 18 grantees, changes will be submitted to the Office of Contractual Review (OCR) as program amendments for approval. All change requests are reviewed and analyzed by program staff prior to the formal approval process by OCR. During the in-house monitoring visits, this formal process was clearly specified by RWTP management, that all program changes must be officially approved through the Office of Contractual Review.

Recommendation #5

RWTP management should ensure that grantees' contracts are updated to reflect program changes.

Management Response #5:

During the in-house monitoring visits, RWTP management addressed program changes. It was emphasized that program changes must be formally addressed through program modifications that are in line with current program design and agreed upon services. Per the sub-recipient agreement with each of the 18 grantees, changes will be submitted to the Office of Contractual Review as program amendments for approval.

Recommendation #6:

RWTP management should verify that all grantees have properly finalized their sub-contracts.

Management Response #6:

During the in-house monitoring visits, RWTP management addressed assuring grantees, as fiscal agents, thoroughly understood their obligation to complete subcontracts for professional services and provide documentation of finalized agreements to the LWC for review and approval. RWTP management will continue to verify that all grantees have properly finalized their sub-contracts.

Recommendation #7

RWTP management should collect and maintain documentation of all finalized sub-contracts for all grantees.

Management Response #7:

LWC maintains copies of all finalized sub-contracts for all grantees and will continue that process going forward. Monitoring visits will confirm the finalized contract documents are also properly maintained by the grantees.

Recommendation #8

RWTP management should consider whether all grantees should sign MOU agreements with partners who provide only in-kind services.

Management Response #8:

LWC customarily considers and often advises in many instances the formal process of signing MOU agreements to properly define in-kind services among partners. Given that the partners in the CDBG grants are part of a consortium who jointly submitted this grant application specifying their in-kind and other services, LWC believes it is not necessary to require MOU agreements in this case. The grantees will be advised of this option to determine if implementation of MOU agreements are applicable and appropriate in specific circumstances.

Recommendation #9

RWTP management should ensure that reported program outcomes for all grants are accurate. If management determines any outcomes are inaccurate, they should work with the grantee(s) to correct the cause(s) of the inaccuracies.

Management Response #9:

LWC has an extensive background in tracking performance outcomes for various federal grant programs which will be used to validate performance outcomes of the RWTP. LWC will apply those standard practices and verification resources to ensure that grantees are performing in accordance with their contracts. LWC, through Program Managers, will work with grantees to confirm clear definitions of performance indicators. If indicators that have been used in the past are no longer meaningful, reliable, or appropriate, meaningful indicators will be developed and approved by RWTP management. Further, RWTP management will ensure that indicators of program outcomes are used consistently and are reported accurately.

RWTP grantees are required to provide documentation of how the outcomes were calculated, which should be derived from standard definitions and generally accepted or recognized methods and formulas. If there is no standard definition or generally accepted calculation methodology or formula, or if the grantee has chosen not to use a standard definition or generally accepted calculation, methodology or formula, then an explanation of the basis on which the grantee has defined the terms and calculation rates will be provided to RWTP management.

Accurately tracking performance is a priority of LWC and will be given the utmost importance as the grants move forward. Program Managers will work with grantees to correct any inaccuracies.

If you have any questions or need further information relative to this matter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Barfield', written in a cursive style.

Tim Barfield
Executive Director



Louisiana Legislative Auditor
Performance Audit Division

Checklist for Audit Recommendations

Instructions to Audited Agency: Please check the appropriate box below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

RECOMMENDATION(S)	AGREE	PARTIALLY AGREE	DISAGREE
Recommendation 1: RWTP management should ensure that they conduct on-going monitoring visits to fulfill their oversight responsibilities as outlined in the contract with OCD.	X		
Recommendation 2: RWTP management should ensure that the RWTP monitoring staff is using monitoring checklists and other guidance to conduct complete monitoring visits.	X		
Recommendation 3: RWTP management should develop and implement a system to review the monitoring work of staff to ensure completeness of their work.	X		
Recommendation 4: RWTP management should ensure that program changes are formally approved and documented in order to keep track of each grant's current program design and agreed upon services.	X		
Recommendation 5: RWTP management should ensure that grantees' contracts are updated to reflect program changes.	X		
Recommendation 6: RWTP management should verify that all grantees have properly finalized their sub-contracts.	X		

<p>Recommendation 7: RWTP management should collect and maintain documentation of all finalized sub-contracts for all grantees.</p>	<p>X</p>		
<p>Recommendation 8: RWTP management should consider whether all grantees should sign MOU agreements with partners who provide only in-kind services.</p>	<p>X</p>		
<p>Recommendation 9: RWTP management should ensure that reported program outcomes for all grants are accurate. If management determines any outcomes are inaccurate, they should work with the grantee(s) to correct the cause(s) of the inaccuracies.</p>	<p>X</p>		