



**FULTON
COUNTY**

FULTON COUNTY, GEORGIA

OFFICE OF THE COUNTY AUDITOR

**Audit of Department of Housing and Community
Development**

**Workforce Development Division's Veterans Home and
Business Services**

October 7, 2019

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INTRODUCTION

At the request of Commissioner Hall, the Office of the County Auditor performed an audit of the Transitional Jobs Work Experience (TJWEX) agreement managed by the Department of Housing and Community Development's Workforce Development Division. The request references concerns and complaints about Veterans Home and Business Services LLC. (VHBS) which is the employer that was selected by Workforce Development Division to conduct the Work Experience training, as well as the company's CEO.

BACKGROUND

The Fulton County Department of Housing and Community Development's Workforce Development Division (WDD) provides career and training services to adults, dislocated workers, and youth of Fulton County. Training Services are provided as listed in the Workforce Innovation and Opportunity Act (WIOA). The act is not all inclusive and additional training services may be provided. A program or training service can consist of one or more courses or a training regimen. These can lead to a formal credential (such as a degree or certification), or to the acquisition of skills and competencies recognized by employers for a specific job or occupation, as well as general skills and competencies necessary for a broad range of occupations or job readiness. The programs are designed to assist Fulton County residents and employers in developing and sustaining a workforce that realizes viable income and benefits.

Work Experience is a way for adults and dislocated workers, with barriers to employment, who are experiencing chronic unemployment or have an inconsistent work history, to develop a work history and basic skills essential to keeping a job. The difference between a transitional job and an on the job training (OJT) contract is that in a transitional job there is no expectation that the individual will continue his or her hire with the employer after the work experience is complete. The goal is to establish a work history for the individual, demonstrate work success and develop skills that lead to entry into unsubsidized employment. Transitional jobs can be effective solutions for individuals to gain the necessary experience that they would otherwise not be able to get through training or an OJT. Work Experience training positions are short term, subsidized employment opportunities that will last for up to three (3) months or twelve (12) weeks, unless otherwise designated or depending upon funding. Participants are encouraged to conduct job searches for up to twenty (20) hours per week, as the Work Experience training does not substitute employment.

Participant Selection into a Work Experience Training Program

Fulton County Workforce Development Division offers career services to Fulton County residents. Residents are encouraged to contact career advisors to discuss opportunities that may be available, such as Work Experience training programs. The participants are selected for the program based on standards set by the Technical College System of Georgia's Office of Workforce Development. These standards include residency, work history, unemployment status, background checks and drug screenings. Additionally, participants must qualify for eligibility for WIOA program services either as an adult or dislocated worker. The worksite employer selected to perform the Work Experience trainings will receive a referral list from the career advisors in order to conduct interviews of potential participants to determine if they will be selected for the program. If selected, participants will work a maximum of twenty-nine (29) hours per week. Compensation is provided to Work Experience training participants only and not to the worksite employer conducting the training. Once the participant is selected for the training program, they review and sign a "WorkSource Fulton WEX Participant Agreement" that states the participant understands the following:

- Fulton County residency requirements;
- Work Experience is not a temporary position, but a training experience which does not lead to a full-time permanent position;
- Unemployment insurance cannot be collected based on participation in the Work Experience program, and the participant will contact Georgia Department of Labor if unemployment insurance is being collected;
- Full participation, including showing up on time to the worksite and receiving weekly progress reports from the Worksite employer;
- Any worksite concerns must be communicated to the career advisor;
- WorkSource Fulton is not a temporary or placement agency, and cannot guarantee employment, but can assist with training opportunities and employment readiness; and
- Once the Work Experience training position has ended, the participant will be placed in an intensive job search program or seek training through a WIOA program, if the participant does not find immediate employment, to remain in compliance with the program to gain self-sufficiency.

When an organization is interested in facilitating a Work Experience training with Fulton County's Workforce Development Division, the organization will work with staff to discuss services they can provide to the Work Experience participants.

In May, 2018, Fulton County's Workforce Development Division entered into a non-financial agreement with Veterans Home and Business Services, LLC, to provide a Work Experience training for eligible adults and dislocated workers to obtain skills needed for full-time employment.

Fulton County Responsibilities

According to the agreement, Fulton County was responsible for payment of stipends to the participants between the amounts of \$11 and \$13 per hour for a twenty-nine (29) hour work week. Timesheets were required to be completed by each participant and approved by Workforce Development Division's staff and VHBS, in order for pay to be received. The following responsibilities of Fulton County were documented in the agreement:

- Recruit participants for area specified;
- Pre-screen participants and provide drug screening and background checks;
- Ensure that the worksite supervisor and participant receive information on their responsibilities for participating in the program;
- Conduct an orientation and "Job Readiness Workshop" for every participant in the program;
- Collect attendance tracking from the worksite in a timely manner and provide payment of wages to program participants;
- Provide supportive counseling for participants to address employment issues or barriers; and
- Provide accidental insurance coverage for all participants in the Work Experience Training program.

Veterans Home and Business Services, LLC. Participation

According to the agreement, VHBS is considered an independent contractor and responsible for providing the Work Experience training to eligible adults and dislocated workers in order to obtain skills needed for full-time employment. Veteran status was not a requirement to participate in the Work Experience training. The following responsibilities of VHBS were documented in the agreement:

- Provide adequate supervision to each participant assigned to the worksite;
- Complete a weekly "Participant Progress report" for each participant assigned to the worksite;
- Ensure that participants work schedule is in keeping with the agreed upon schedule for the Work Experience participant;
- Ensure participants complete a "sign-in and sign-out sheet" and submit forms to Workforce Development Division;
- Provide the equipment and materials necessary for the participants to accomplish their job;
- Notify Workforce Development Division when a participant leaves the program voluntarily; and

- Provide the on-site skill training agreed upon, specific to the participant's Work Experience assignment.

OBJECTIVE

The objectives of the audit were to determine if the Workforce Development Division's VHBS non-financial contractual agreement was properly handled and to ensure proper controls exist over the Work Experience program.

SCOPE

The scope of the audit focused on the Work Experience program conducted by VHBS and program participants selected to attend VHBS training services under the Fulton County work experience program from May 2018 through October 2018, but not limited to this period.

METHODOLOGY

The Office of the County Auditor was asked to address several concerns related to the Work Experience program and VHBS, such as

- Concerns over the VHBS company and its CEO;
- Status and terms of agreement between Fulton County and VHBS;
- Nonpayment of Work Experience participants who were subsequently hired by VHBS;
- Lack of an employer worksite location that was to be provided by VHBS.

In order to address the concerns and achieve our audit objectives, we conducted interviews with appropriate personnel to determine the established processes and procedures related to acquiring participants in the Work Experience program, as well as, VHBS Training Program. Additionally, we obtained and reviewed the non-financial agreement between Fulton County Government and VHBS for appropriate duties and responsibilities.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). 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 findings and recommendations are detailed below.

In addition, the attached addendum addresses specific inquiries submitted to our office in reference to the program.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Failure to Perform Background Investigations

Fulton County Government does not have a policy on performing background investigations of potential vendors and/or independent contractors. However, background investigations should be performed to ensure that potential contractors do not have a damaging history such as, criminal activity that may reflect poorly on the County. During our review, we noted several background concerns that should have been discovered during the contract agreement period. These concerns include an invalid worksite address, unsatisfactory employment history, and negative financial history, consisting of, liens, bankruptcy filings and unpaid taxes. If a background investigation was performed on VHBS or its CEO, it may have eliminated VHBS from conducting a Work Experience training and prevented the concerns that developed after participants completed the training. The lack of performing a background investigation or conducting a proper screening of vendors and/or potential independent contractors may impact the level of trust in Fulton County programs. More so, the safety of participants may be compromised as well.

Recommendation

The Office of the County Auditor recommends the establishment of a policy for conducting background investigations on potential vendors and/or independent contractors. This will ensure potential vendors and/or independent contractors are reliable and legitimate, prior to entering into an agreement with the Workforce Development Division, or any other Fulton County department.

Finding 2 – Lack of Program Monitoring

According to the VHBS agreement:

“Through on-site and remote monitoring, the County determines whether the Worksite Employers performance meets Workforce Innovation and Opportunity Act program requirements. Monitoring visits are conducted, per the Agreement terms, with a specific purpose to validate the accuracy of information presented in the Program Participants performance report to ensure that services meet compliance requirements. Workforce Development Division will monitor the worksite through weekly site visits, email or telephone correspondence, to ensure program goals are being met, records are maintained and the terms of the Agreement are being fulfilled.”

During our review of the Work Experience training program, we noted that the training was facilitated at a Fulton County facility. However, there was no supporting documentation to verify that the Workforce Development Division's staff monitored the training program to ensure VHBS was in compliance with WIOA. Furthermore, there was no documentation available to verify that

the Workforce Development Division's staff ensured VHBS fulfilled all agreed upon responsibilities as outlined in the non-financial agreement. This may have occurred as a result of insufficient monitoring and oversight of the Work Experience training program. Lack of program monitoring could result in the risk of non-compliance with federal and state regulations of ensuring the program provides necessary job skills. In addition, unforeseen risks associated with outside employers may arise as well.

Recommendation

We recommend the Workforce Development Division ensures proper monitoring is conducted and documented for all programs to establish alignment with federal and state regulations. As well as, ensuring that participants are getting the necessary training skills to gain self-sufficiency.

Finding 3 – Failure to Establish Criteria

Establishing a selection criteria for potential worksite employers to work with Fulton County's Workforce Development Division could serve as guidance to ensure adequate worksite employers are selected to provide relevant training to job seekers. During our audit, we noted that the Workforce Development Division failed to establish criteria to use in the selection of worksite employers to conduct a Work Experience training. Additionally, it was stated that no criteria exists to approve worksite employers. Potential worksite employers complete an agreement data sheet which lists company name, address, phone number, job site location, type of agreement requested, length of agreement and specific experience and education required. The data sheet is the only information that is provided and used to develop a legal non-financial agreement. As a result, not having established criteria gives the appearance that worksite employers are not adequately selected. Having an established criteria for worksite employer selection may eliminate unsatisfactory worksite employers from participating in job training programs made available to Fulton County residents.

Recommendation

We recommend the Workforce Development Division establish a selection criteria to act as a guide when worksite employers or independent contractors contact Fulton County's Workforce Development Division for interest in offering training or participation in Fulton County programs. This will aid in eliminating concerns with potential worksite employers and provide participants assurance in the programs to provide sufficient job related skills.

Finding 4 – Non-compliance with Written Agreement

According to the VHBS agreement:

“Whereas, no permanent employment be extended or guaranteed as a result of any Work Experience placement.”

Our review of the Work Experience training program, conducted from July 2018 through October 2018, revealed twenty-three (23) participants were selected to participate in the VHBS Work Experience training. At the conclusion of the training, permanent positions (i.e. customer service representatives and claims representatives) were extended to ten (10) participants. Workforce Development Division did not provide the necessary monitoring over the Work Experience training program to ensure compliance with the written agreement. The remaining participants elected to leave the program prior to completion or declined a job offer from VHBS. The extension of permanent employment to participants constitutes non-compliance of the written agreement with Fulton County. As a result, the Workforce Development Division received several complaints from the newly hired employees due to non-payment of wages and lack of worksite location.

Recommendation

We recommend the Workforce Development Division provide monitoring over the Work Experience training program to ensure worksite employers follow the agreed upon duties stated in the agreement. Additionally, we recommend the Workforce Development Division provide affected participants alternative trainings and job search aid to remain in compliance with the Workforce program.

Concern 1 – Use of Fulton County’s Facility

Prior to entering into an agreement with Fulton County, VHBS was to provide a worksite location and the Workforce Development Division was to conduct a complete initial worksite assessment. We noted that a Fulton County training facility was used by VHBS to conduct the Work Experience training instead of the location noted in the agreement. It was also noted that Fulton County’s Workforce Development Division did not verify a potential worksite location prior to participants attending the Work Experience training as required. If such review had been conducted, the Workforce Development Division may have determined the given worksite location did not exist. The Workforce Development Division should use caution when having contractors facilitate trainings at Fulton County’s facilities. In addition, the Workforce Development Division should ensure compliance with the requirements of the agreement.

CONCLUSION

After the completion of the Work Experience training, concerns from participants arose when VHBS offered full-time employment to participants in the program. VHBS failed to provide payment, as well as, a worksite location to employees during performance of job duties. Employees essentially were unpaid for their time of employment and had to perform job duties from their residence.

Our audit of the Department of Housing and Community Development Workforce Development Division's Veterans and Home Business Services agreement, identified several weaknesses that have resulted in the following four (4) findings and one (1) concern:

- Failure to perform Background Investigations;
- Lack of Program Monitoring;
- Failure to Establish criteria;
- Noncompliance with Written Agreement; and
- Use of Fulton County's Facility.

We recommend that the Workforce Development Division Management give immediate attention to the above findings and concern. Management should continue to ensure that appropriate corrective actions are taken to improve operations at Workforce Development Division in regards to the Work Experience program by conducting background investigations on potential Worksite employers, ensuring program monitoring is being conducted to ensure compliance with written agreements as well as establishing written criteria for selection of worksite employers and/or independent contractors.

Additionally, we addressed questions asked by Commissioner Hall and The Atlanta Journal-Constitution regarding the VHBS program. These questions are addressed in the Addendum to Audit of Department of Housing and Community Development Workforce Development Division's Veterans Home and Business Services attached to this report.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted though the County Manager's Office and to Stacy Jones, Assistant Audit Manager in the Office of the County Auditor at Stacy.Jones@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.