



Memorandum



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To: Honorable Mayor Carlos A. Gimenez
Honorable Chairman Esteban L. Bovo
and Members, Board of County Commissioners, Miami-Dade County

From: Mary T. Cagle, Inspector General

Date: July 19, 2018

Subject: *OIG Final Audit Report Re: South Florida Workforce Investment Board d/b/a CareerSource South Florida – Providers Youth Co-Op, Inc. and Arbor E&T, LLC*
Ref. IG16-0030-A

Attached please find the above-captioned final audit report issued by the Office of the Inspector General (OIG). CareerSource South Florida (CSSF) is the operating entity in Miami-Dade and Monroe Counties that implements the various workforce development programs established by the federal government and administered at the state level. The audit focused on the job placements reported by Arbor E&T, LLC (Arbor) and Youth Co-Op, Inc. (Youth Co-Op). Arbor and Youth Co-Op are CSSF-contracted service providers, who collectively operated 12 of the 15 One-Stop Centers during the audited time period. This audit report contains two findings and four recommendations. The responses received from CSSF, Arbor, and Youth Co-Op are included in the Final Report as Attachments 1, 2 and 3.

The OIG requests that CSSF provide the OIG with a status report in 90 days, on or about October 18, 2018, that addresses the status of implementing the OIG's recommendations. The OIG would like to thank the staffs of CSSF, Arbor, and Youth Co-Op for their cooperation and for the courtesies extended to the OIG throughout this audit.

For your reading convenience, an Executive Summary follows.

Attachment

cc: Rick Beasley, Executive Director, CareerSource South Florida
Cathy Jackson, Interim Commission Auditor, and Director, Miami-Dade Audit and Management Services Department

Under Separate Cover

Cissy Proctor, Executive Director, Florida Department of Economic Opportunity
James E. Landsberg, Inspector General, Florida Department of Economic Opportunity
Mark Douglass, President, Arbor E&T, LLC
Maria Rodriguez, President, Youth Co-Op, Inc.

OIG EXECUTIVE SUMMARY

Audit of South Florida Workforce Investment Board d/b/a CareerSource South Florida Providers Youth Co-Op, Inc. and Arbor E&T, LLC

The Office of the Inspector General (OIG) conducted an audit of the job placements reported by CareerSource South Florida (CSSF). CSSF is the operating entity in Miami-Dade and Monroe Counties that implements the various workforce development programs established by the federal government and administered at the state level. Primarily, these workforce development programs consist of job training and employment services. CSSF contracts with service providers (Providers) to operate its 15 “One-Stop” career centers (Centers). In return, Providers receive remuneration for job placements, as well as for other services that they provide.

The OIG audit focused on two CSSF contracted service providers, Arbor E&T, LLC (Arbor) and Youth Co-Op, Inc. (Youth Co-Op) that collectively operated 12 of the 15 CSSF One-Stop Centers. The resulting audit report contains two findings—one relating to Arbor’s reporting activities, and the second relating to Youth Co-Ops reported job placements. The findings stem directly from our testing of job placement files and their supporting documentation. In both findings, the OIG questioned certain payments made for job placements that have either already resulted in disallowed costs that have been repaid, or should, as recommended herein, result in disallowed costs.

Prior to summarizing each audit finding, this report provides an overview of the job placement figures for Region 23, and a short explanation of what these figures represent. For Program Year (PY) 2015-16, CSSF reported 62,284 job placements; for PY16-17, CSSF reported 60,283 job placements. A job placement, however, does not necessarily mean that one person found full-time employment. While it could mean that, more often we found that the types of work involved seasonal and temporary employment, such as migrant farm work and limited duration event staffing. The employment services offered at the One-Stop Centers are available to anyone regardless of age and current employment status. As such, individuals finding their first job (even if that first job was working for one week during Art Basel) would be counted in the overall placement figures.

Moreover, as learned through this audit, the annual job placement number contains individuals who were placed two or more times during the reporting year. For PY15-16, 4,699 out of 62,284 placements reported for the year (7 percent) involved individuals with two or more placements. (See Table 2 on page 10 of the Final Report for additional details.) None of this, however, is prohibited under the federal program, albeit it may affect the remuneration amount that the Provider receives for its provision of career services. What it does reveal is that the number of job placements reported by CSSF is not a clear depiction of the number of individuals placed in sustaining employment.

The first audit finding addresses Arbor’s reporting of job placements. Arbor had contracts to operate four Centers. Each Center had its own contract and contract performance measures. OIG Auditors found that Arbor engaged in a practice of reassigning job placements from one Center (the Hialeah Downtown Center) to its three other Centers, in order to help them meet their contract measures. As a direct result of the observations made by OIG Auditors, CSSF management performed an analysis of the placements and disallowed many of the placements

claimed and sought \$151,625 in reimbursement from the Provider. Arbor has since repaid that amount. Moreover, in its very short response to the OIG, Arbor did not challenge the audit report, and affirmed its commitment to being responsive to any policy changes and oversight standards going forward.

The second finding addresses observations noted during a review of the job placements reported by Youth Co-Op. Audit testing of the job placement files for what are referred to as “unverified job placements,” specifically at its Northside Center, caused us to question the Provider’s supporting documentation. This lack of documentation caused the audit scope to be expanded to include additional testing at three employers’ place of business. This additional review led OIG Auditors to question the veracity of several of the placements (32 of 83 tested), amounting to questioned costs of \$12,500. The OIG recommends that CSSF seek repayment of this amount, as well as implement quarterly checks and random inspections—as further described in the finding and recommendation—to validate what it referred to as “unverified job placements.”

Youth Co-Op, in its response to the OIG’s draft report, disagreed with our finding that the job placements reported by the Northside Center were unverified and should therefore be subject to a disallowance repayment of \$12,500. Youth Co-Op proffered a series of explanations regarding the unverified job placements identified by the OIG, none of which resolves the finding—which is that the job placements reported by the Northside Center could not be validated by center personnel or the employer(s) of record. Absent this confirmation, Youth Co-Op is not entitled to the payments received. The OIG notes that CSSF fully agreed with the OIG’s recommendation and has indicated that a letter will be sent to Youth Co-Op requesting repayment of \$12,950 for the unverified placements noted in the audit observations. The increased disallowance was assessed by CSSF subsequent to reviewing the OIG’s documentation.

CSSF also responded to the OIG’s draft audit report. Besides the one specific recommendation involving the recoument of funds from Youth Co-Op, the OIG provided three recommendations—each of which is designed to enhance job placement reporting standards. CSSF responded positively to each recommendation indicating either that it will prospectively implement our suggestions and/or that it has already taken steps in the direction of our recommendations since the audit commenced.

The responses received from CSSF, Arbor, and Youth Co-Op are included in the Final Report as Attachments 1, 2 and 3. In the conclusion of the report, the OIG requests that CSSF provide the OIG with a follow-up response in 90 days that addresses the status of implementing our recommendations and the other initiatives described by CSSF.

The OIG would like to thank the staffs of CSSF, Arbor, and Youth Co-Op for their cooperation and for the courtesies extended to the OIG throughout this audit.

MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

IG16-0030-A

*South Florida Workforce Investment Board d/b/a CareerSource South Florida
Providers Youth Co-Op, Inc. and Arbor E&T, LLC*

July 19, 2018

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I. INTRODUCTION

CareerSource South Florida (CSSF) is the operating entity in Miami-Dade and Monroe Counties that implements the various workforce development programs established by the federal government and administered at the state level. Primarily, these workforce development programs consist of job training and employment services. CSSF contracts with service providers (Providers) to operate its 15 “One-Stop” career centers (Centers). In return, Providers receive remuneration for job placements, as well as for other services that they provide. The number of job placements attributed to each Center/Provider are published annually.

CSSF is governed by a local workforce development board (LWDB), which is a requirement of the federal and state laws. There are 24 LWDBs in Florida, corresponding to 24 workforce regions. Miami-Dade and Monroe Counties comprise Region 23, and its local board is named the South Florida Workforce Investment Board (SFWIB), which was established through an Interlocal Agreement between the two counties. The Interlocal Agreement also establishes that there will be an Executive Director, who reports to and carries out the policies of the SFWIB. The Executive Director and his/her staff, albeit working for the SFWIB/CSSF, are, for administrative purposes, Miami-Dade County employees.

The Office of the Inspector General (OIG) conducted an audit of the job placements reported by CSSF. The audit focused on two CSSF contracted service providers, Arbor E&T, LLC (Arbor) and Youth Co-Op, Inc. (Youth Co-Op) that collectively operated 12 of the 15 CSSF One-Stop Centers. The OIG initiated this audit pursuant to a request from the Miami-Dade County District 7 Commissioner who questioned the accuracy of the job placement figures reported by CSSF. As reported, the number of job placements appeared very high in relation to the seemingly unaffected unemployment rates in the region.

II. RESULT SUMMARY

This audit report contains two findings and four recommendations. The findings stem directly from our testing of job placement files and their supporting documentation. Finding 1 involves the testing of the Provider’s documentation; Finding 2 involves the testing of the eventual employer’s documentation. In both cases, OIG Auditors found discrepancies with the job placements as reported by these Providers that has either resulted in disallowed costs or should, as recommended herein, result in disallowed costs, which should then be recovered by CSSF.

Prior to summarizing each audit finding, it is essential to provide an overview of the job placement figures for Region 23, and a short explanation of what these figures represent. For Program Year (PY) 2015-16, CSSF reported 62,284 job placements; for

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PY16-17, CSSF reported 60,283 job placements. A job placement, however, does not necessarily mean that one person found full-time employment. While it could mean that, more often we found that the types of work involved seasonal and temporary employment, such as migrant farm work and limited duration event staffing. The employment services offered at the One-Stop Centers are available to anyone regardless of age and current employment status. As such, individuals finding their first job (even if that first job was working for one week during Art Basel) would be counted in the overall placement figures.

Moreover, as learned through this audit, the annual job placement number contains individuals who were placed two or more times during the reporting year. For PY15-16, 4,699 out of 62,284 placements reported for the year (7 percent) involved individuals with two or more placements. (See Table 2 on page 10 for additional details.) None of this, however, is prohibited under the federal program, albeit it may affect the remuneration amount that the Provider receives for its provision of career services. What it does reveal is that the number of job placements reported by CSSF is not a clear depiction of the number of individuals placed in sustaining employment.

The first audit finding addresses Arbor's reporting of job placements. Arbor had contracts to operate four Centers. Each Center had its own contract and contract performance measures. OIG Auditors found that Arbor engaged in a practice of reassigning job placements from one Center (the Hialeah Downtown Center) to its three other Centers, in order to help them meet their contract measures. As a direct result of the observations made by OIG Auditors, CSSF management performed an analysis of the placements and disallowed many of the placements claimed and sought \$151,625 in reimbursement from the Provider.

The second finding addresses observations noted during a review of the job placements reported by Youth Co-Op. Audit testing of the job placement files for what are referred to as "unverified job placements," specifically at its Northside Center, caused us to question the Provider's supporting documentation. This lack of documentation caused the audit scope to be expanded to include additional testing at three employers' place of business. This additional review led OIG Auditors to question the veracity of several of the placements (32 of 83 tested), amounting to questioned costs of \$12,500. The OIG recommends that CSSF seek repayment of this amount, as well as implement quarterly checks and random inspections—as further described in the finding and recommendation—to validate what it referred to as "unverified job placements."

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III. AUDITEE RESPONSES AND OIG REJOINDER

This report, as a draft, was provided to the Executive Director of CSSF and to the Presidents of Arbor and Youth Co-Op for its review and comment. Their responses are included in this report as Attachment 1, 2, and 3, respectively. CSSF responded positively to each recommendation indicating either that it will prospectively implement our suggestions and/or that it has already taken steps in the direction of our recommendations since the audit commenced. Arbor responded positively to our findings and recommendations. Arbor further affirmed its commitment to being responsive to the policy changes and oversight standards established by CSSF made during course of this audit.

Youth Co-Op disagreed with our finding that the job placements reported by the Northside Center were unverified and should therefore be subject to a disallowance repayment of \$12,500. Youth Co-Op proffered a series of explanations regarding the unverified job placements identified by the OIG, none of which resolves the finding—which is that the job placements reported by the Northside Center could not be validated by center personnel or the employer(s) of record. Absent this confirmation, Youth Co-Op is not entitled to the payments received. The OIG notes that CSSF fully agreed with the OIG’s recommendation and has indicated that a letter will be sent to Youth Co-Op requesting repayment of \$12,950 for the unverified placements noted in the audit observations. The increased disallowance was assessed by CSSF subsequent to reviewing the OIG’s documentation.

Further summation of the auditees’ responses, and the OIG rejoinders to them, are located in the body of the report at the end of the each related audit finding and recommendation.

IV. TERMS USED IN THIS REPORT

Arbor	Arbor E&T, LLC
CFR	Code of Federal Regulations
CSSF	CareerSource South Florida
County	Miami-Dade County
DEO	Florida Department of Economic Opportunity
Direct or DJP	Direct Job Placement
EFM	Employ Florida Marketplace
EVF	Employment Verification Form
LWDB	Local Workforce Development Board
Obtained or OE	Obtained Employment
OIG	Miami-Dade County Office of the Inspector General
PY	Program Year (July 1 through June 30)
SFWIB	South Florida Workforce Investment Board

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WIA	Workforce Investment Act (1998 federal legislation)
WIOA	Workforce Innovation and Opportunity Act (2014 federal legislation)
Youth Co-Op	Youth Co-Op, Inc.

V. OIG JURISDICTIONAL AUTHORITY

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has the authority to make investigations of County affairs; audit, inspect and review past, present and proposed County programs, accounts, records, contracts and transactions; conduct reviews, audits, inspections, and investigations of County departments, offices, agencies, and Boards; and require reports from County officials and employees, including the Mayor, regarding any matter within the jurisdiction of the Inspector General.

VI. BACKGROUND

A. Federal, State and Local Workforce Development Legislation

The South Florida Workforce Investment Board (SFWIB) was created in 2006 as a means to implement program requirements of the federal Workforce Investment Act (WIA) of 1998 and the State of Florida’s Workforce Innovation Act of 2000. The federal WIA comprehensively reformed existing federal job training programs—dating back as early as 1933¹—and required that each state create a workforce investment board to oversee job training programs within the state system and to manage federal funding. In the State of Florida, there are 24 workforce regions and each region is required to have its own local workforce development board (LWDB). The State charters the LWDBs, and the LWDBs must meet federal and state governance requirements.

The SFWIB is the local board for Florida Region 23, which covers Miami-Dade and Monroe Counties. The SFWIB was created in 2006 pursuant to an Interlocal Agreement between the two counties.² The number of members and the composition of the Board is determined by the Chief Elected Official of Miami-Dade County in

¹ See the Wagner Peyser Act of 1933, a New Deal era program, which created public employment offices nationwide. Subsequent programs include the Manpower Development Training Act of 1962, the Rehabilitation Act of 1973, the Comprehensive Employment and Training Act of 1973, and the Job Training and Partnership Act of 1982.

² See Miami-Dade County Resolution No. R-315-06. The Interlocal Agreement has been amended and extended twice, most recently in July 2016, which officially changed the business/operating name from South Florida Workforce to “CareerSource South Florida.”

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accordance with the criteria set forth in federal and State law.³ Currently, there are 31 individuals from both the private and public sectors that comprise the SFWIB.

The SFWIB is a separate public body, albeit a governmental agency and governmental instrumentality of both Miami-Dade and Monroe Counties. Pursuant to the aforementioned Interlocal Agreement, the Executive Director and staff of the SFWIB are, for administrative purposes, Miami-Dade County employees, although they report to the SFWIB and implement its policies, decisions, activities and directives. CareerSource South Florida, Inc. is the SFWIB's operating entity.

B. CareerSource South Florida and its Career Centers aka One-Stop Centers

Notably, the WIA of 1998, as amended by the federal Workforce Innovation and Opportunity Act (WIOA) of 2014, created the "One-Stop" delivery system, where jobseekers can get both job training and career services (e.g., resume writing and interviewing assistance; access to computers, fax machines and photocopiers; searching and applying for job openings, etc.) at the same place. The federal framework for a workforce development system involves providing any unemployed or underemployed individual with job search, education and training activities to improve their employment prospects. Moreover, the "WIOA provides universal access to its career services to any individual regardless of age or employment status, but it also provides priority of service for career and training services to low-income and skills-deficient individuals."⁴ For the purposes of this audit, the OIG focused on the career services provided at the One-Stop Center and the associated funding provided for job placements (see OIG Appendix A for a more detailed description of the funds paid to service providers for the two different types of job placements). The OIG did not audit job training programs.

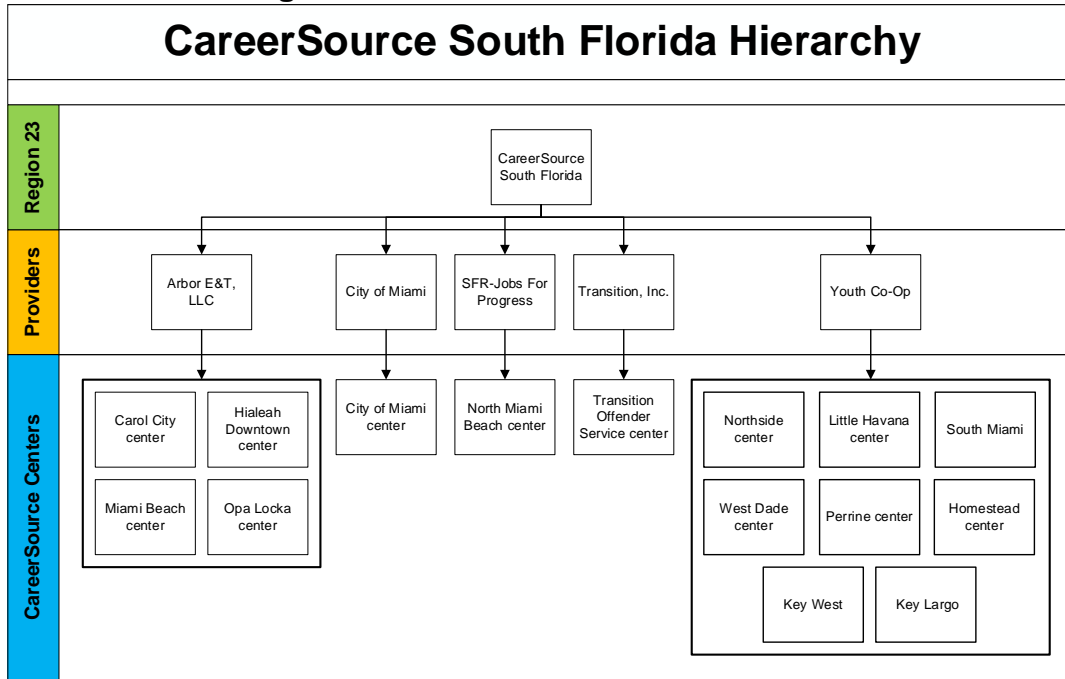
Employers and jobseekers are connected through a network of career centers, i.e., the "One-Stop" Centers. CSSF operates 15 Centers in Miami-Dade and Monroe Counties. The Centers are operated by contracted service providers (Providers) through annual contracts. Providers are selected and awarded contracts via a competitive bid process. Each Center is to be operated independently from one another, even though the same Provider may be awarded multiple centers to operate. The 15 Centers were collectively operated by five Providers (at the time of our audit) as depicted in Figure 1, on the next page.

³ The designation of the Miami-Dade County Mayor as having certain powers and authorities over the composition and appointment of members to the Board is laid out in Section 1(k) of the aforementioned Interlocal Agreement.

⁴ (Emphasis in original) See Congressional Research Service document entitled "The Workforce Innovation and Opportunity Act and the One-Stop Delivery System," October 27, 2015 at <https://www.everycrsreport.com/reports/R44252.html>.

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Figure 1: CSSF Providers and Centers



This audit focused on the job placements reported by Providers Arbor E&T, LLC (Arbor) and Youth Co-Op. We selected job placements reported by all 4 of the centers operated by Arbor, and 5 of the 8 centers operated by Youth Co-Op. See Section VII., Objectives, Scope and Methodology for further detail.

C. Providers: Arbor E&T, LLC and Youth Co-Op, Inc.

Arbor is a foreign limited liability company, headquartered in Louisville, Kentucky, registered with the State of Florida Division of Corporations since 2004. The E&T in its name stands for Education and Training. Arbor is a wholly-owned subsidiary of ResCare, Inc., which touts itself as the largest diversified health and human services provider in the U.S.⁵ According to its website, “ResCare is the largest private provider of services to people with disabilities, the largest privately-owned home care company, the largest provider of specialized high-acuity neuro-rehab in community settings and the largest career center workforce contractor in the U.S.”

Youth Co-Op is a local South Florida not-for-profit organization incorporated in Florida since 1973. Its “mission is to improve the social and economic conditions of South Florida residents.” The organization achieves this mission through a variety of programs, which include youth programs and refugee programs, the operation of

⁵ From ResCare’s website at <https://www.rescare.com/about/>.

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Charter schools, as well as providing workforce development programs through its operation of CSSF's Career Centers.⁶

D. Reporting Mechanisms: Employ Florida Marketplace & the Balanced Scorecard Report

While managed and operated separately, each Provider utilizes the same tools at each of the One-Stop Centers and uses the same reporting mechanism as required by its contract with CSSF. The Employ Florida Marketplace (EFM) is an online database managed by the Florida Department of Economic Opportunity that connects employers with jobseekers. EFM contains job listings posted through the network of One-Stop Centers and/or by prospective employers. Individuals seeking employment placement and/or staff assisted services from a Center must first register via the EFM. The EFM registration can be completed at any of the 15 South Florida CareerSource Centers or directly on-line via the Internet. Jobseekers can create and post resumes directly in the system and apply for jobs through EFM. Employers can also register with EFM to post job openings, as well as search for qualified jobseekers.

EFM registrations completed in person require the jobseeker to swipe his/her Florida driver's license (or ID card) at one of the kiosks located at the Center, which captures their demographic information. Upon completion of registration, the jobseeker has the option of conducting a self-guided job search in the EFM. The One-Stop Centers will provide a jobseeker with assistance from a staff member to guide them through the entire process, if needed. As more fully described in OIG Appendix A, there are two types of job placements resulting from these services for which the Center receives remuneration—services that result in a direct job placement or, alternatively, when the jobseeker obtains employment, albeit not through direct placement services. Once a jobseeker registers with EFM through one of the One-Stop Centers, it is that Center's/Provider's responsibility to track the individual's resulting job placement and report the result(s).

CSSF uses a *Balanced Scorecard Report* to measure the performance of its contracted Providers operating the Centers against the required performance standards set forth in the contract. The *Balanced Scorecard Report* captures all of the resulting job placement (direct and obtained) data entered into the EFM database. All direct job placements and obtained employments are entered into the EFM by the Providers and added to the *Balanced Scorecard Report* on a daily basis. (See Finding 2 for further details of how these placements are entered into the EFM and reconciled against various databases.)

⁶ See <https://www.ycoop.org/en/about-us/> and Notes to Financial Statements, pages 9-10, of Youth Co-Op, Inc.'s Financial Statements and Independent Auditor's Report, June 30, 2017.

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VII. PROGRAM PLACEMENT OVERVIEW

Prior to reporting on our specific audit testing and the results thereof, we believe a general discussion about job placements and their statistical reporting is warranted. In light of the Miami-Dade County District 7 Commissioner’s observation about the high number of reported job placements and its seemingly ineffective impact on the region’s visible unemployment, it is necessary to understand what type of employment comprises a job placement, and what is actually being reported.

First of all, the number of job placements reported by CSSF does not clearly convey the number of individuals placed in sustaining employment. As earlier described, CSSF utilizes the Balanced Scorecard Report to report all job placements stemming from the 15 the contracted Providers. Also as earlier described, the Balanced Scorecard Report records two categories of job placements: Direct Job Placement (DJP) and Obtained Employment (OE). A DJP refers to those jobseekers who secure employment as a result of the Provider’s recruitment effort on behalf of the prospective employer as well as facilitating the hiring process. An OE refers to those jobseekers who secure employment within 180 calendar days of receiving one or more reportable service from the Center (e.g., resume writing, interview/skills training, etc.) from the Provider that does not meet the federal definition of a DJP. (See OIG Appendix A for a more detailed description of each job placement type, the jobseeker’s interaction with the Career Center, and how payment to the Providers are effectuated.)

As shown below in Table 1, CSSF reported the following DJP and OE placements for Program Years 15-16 and 16-17. (See OIG Appendix B for the full details by Career Center and Provider for the two program years captured below.)

Table 1 - Summary Job Placements for Region 23

Program Year 2015-16		
Job Placement Type		
Direct Job Placement (DJP)	Obtained Employment (OE)	Total Placements
16,895	45,389	62,284
Program Year 2016-17		
Job Placement Type		
Direct Job Placement (DJP)	Obtained Employment (OE)	Total Placements
14,149	46,134	60,283

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The contracted Providers receive payment for their job placement (Direct or Obtained) according to the Federal guidelines and contractual terms of their respective contract. The payment for a DJP placement varies from the “Universal,” base rate of \$400 to a program-specific rate of \$1,700. The payment for an OE placement is \$100 per individual, per placement.

Importantly, as described earlier, the WIOA provides universal access to its career centers; in other words, anyone, regardless of age and current employment status, can get career services at any One-Stop Center. And, as such, if the jobseeker finds employment through accessing the services at the Center, his/her placement is counted and the Provider receives remuneration. This is the case for first time jobseekers and others, who may or may not have been displaced, receiving unemployment benefits or other governmental assistance.

OIG Auditors learned that the people subsequently reported on the *Balanced Scorecard Report* secured a wide range of employment types, such as seasonal work (e.g., migrant farmworkers and summer youth employment); temporary work (event staff for local events such as Art Basel and the Miami Open tennis event); part-time employment (less than 30 hours per week) and full-time employment (minimum 30 hours per week).

The duration of the employment, on the other hand, is a completely different performance metric not captured in the statistical annual reporting of job placements at the South Florida local level. For example, while classified as full-time employment, OIG Auditors found job placements where the employment only lasted for two weeks. Such was the case with one particular employer, Caballero Rivero Funeral Homes (Caballero). OIG Auditors reviewed 23 individual direct job placements made by the Hialeah Downtown Center with Caballero. Caballero required all the newly placed individuals to attend a 2-week training, which paid \$600 or a pro-rata share depending on attendance. Upon successful completion of the training program, the jobseeker could remain on staff at the funeral home. OIG Auditors reviewed the employment history for the 23 individuals and found that only 1 of 23 successfully completed the training program and remained on staff on a full-time basis. This Provider (Hialeah Downtown) received \$11,300 for the 23 job placements, while the individuals earned \$600 for the two-week period.

OIG Auditors had similar observations with 53 event staffing positions, also identified as full-time (albeit temporary) positions. The Northside Center placed these individuals with two event staffing companies. A detailed review of the employment histories for these individuals showed that although the position met the criteria of a full-time position—a minimal of 30 hours per week or its pro-rata equivalent—the actual duration only spanned from one day to two weeks depending on the event (e.g. Art Basel, the Miami Open, stadium sports games, etc.). This Career Center Provider

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(Northside) received approximately \$21,000 for these placements while the individuals earned an approximate rate of \$9 – 10 per hour for the event’s duration. Clearly, these placements and this type of work is not sustained employment.

OIG Auditors also learned that although an individual secures full-time employment, they are not prohibited from abandoning that position and seeking reemployment for another full-time position in the same Program Year. As such, it is possible—and permitted by federal guidelines—to place an individual jobseeker in more than one job in the same Program Year. OIG Auditors learned that the figures reported in the *Balanced Scorecard Report* reflect the number of job placements in the Program Year, not necessarily number of individuals placed in jobs within that year. This observation was noted during a detailed review of the *Balanced Scorecard Report* for Program Years 15-16 and 16-17. Table 2, below, shows the number of individuals with more than one placement in the same Program Year.

Table 2 – Individuals with Multiple Placements (Region 23)

Program Year 15-16		
Number of Individuals With Multiple Placements	Number of Placements Per Individual	Total Placements
15	4	60
51	3	153
2,243	2	4,486
<u>2,309</u>		<u>4,699</u>
Program Year 16-17		
Number of Individuals With Multiple Placements	Number of Placements Per Individual	Total Placements
1	6	6
5	4	20
64	3	192
2,143	2	4,286
<u>2,213</u>		<u>4,504</u>

OIG Auditors confirmed that this practice is permitted by federal guidelines, with the requirement that the additional placements be made with a different employer.⁷

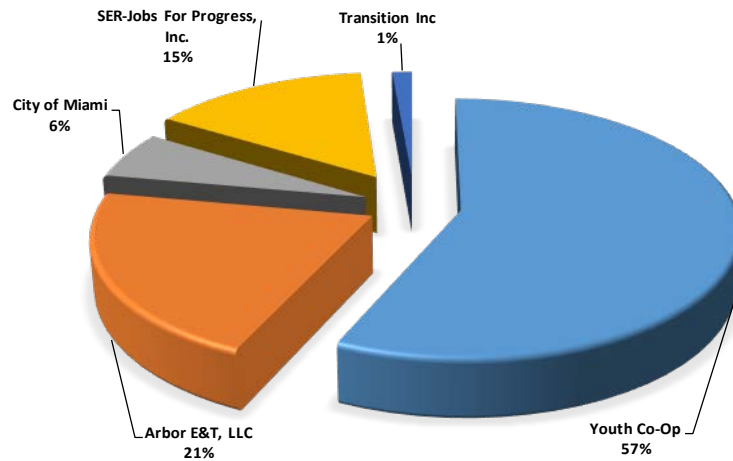
⁷ CSSF Policy states that “A Job Placement shall count only once per EFM Wagner-Peyser (WP) Participation Application ID for the same jobseeker within the same program year” with certain program-specific exceptions. If a jobseeker obtains multiple placements using the same Application ID, the subsequent payments will not be the full amount, but will be the difference between the initial and

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VIII. OBJECTIVES, SCOPE & METHODOLOGY

The objectives of the audit were to determine whether the job placements reported by the two selected Providers (Arbor and Youth Co-Op) were supported by adequate documentation. Additionally, OIG auditors evaluated the criteria and processes utilized to report job placements. The OIG selected Arbor and Youth Co-Op, as these two Providers operated 12 of the 15 One-Stop Centers,⁸ and by far made the overwhelming majority of job placements as depicted in Figure 2 below.

Figure 2: Percentage of Placements by Provider for PY15-16



From these 12 Centers, placements from 9 of them were tested (all 4 of the centers operated by Arbor, and 5 of the 8 centers operated by Youth Co-Op). Collectively, placements from these 9 Centers made up 73% and 77% of all job placements reported by CSSF for Program Years 15-16 and 16-17, respectively. (See Appendix B for further detail.)

Initially, the scope of the audit was confined to PY15-16 job placements. We selected for testing 411 job placements (60 from Arbor and 351 from Youth Co-Op).

subsequent payment(s). For example, jobseeker A was placed in a program-specific position garnering a \$400 payment to the Provider. Subsequently, jobseeker A was placed in a second program-specific position that pays \$1,200; instead of receiving the full amount, the provider would only be paid the difference (\$800) between the initial and subsequent placement (\$1,200-\$400).

⁸ The OIG also purposefully declined to select Providers SER-Jobs for Progress, Inc. and Transition, Inc., as OIG Auditors were made aware of recent verification audits performed by CSSF against these two Providers, both of which resulted in significant disallowances. See footnote 13 herein.

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During our initial testing phase, OIG Auditors immediately observed conditions regarding Provider documentation that warranted our selecting additional files to be tested. As such, the OIG expanded the scope of this audit to include an additional 339 placement files from Arbor for PY16-17, bringing the total number of Provider placement files up to 750.

Separate and apart from the 750 Provider placement files, described above, OIG Auditors selected for testing an additional 129 job placements. For this second batch of 129 placements we tested documentation on file at the employer’s place of business. In total, OIG Auditors visited seven employers (see Finding 2). Collectively, OIG Auditors examined and tested 879 unique job placements. Table 3 details the complete audit sample.

Table 3 – Audit Sample Summary

Provider	Initial Sample	Secondary Sample	Employer Site Visits	Totals
Arbor E & T, LLC	60	339	46	445
Youth Co-Op, Inc.	351	0	83	434
Totals	411	339	129	879

OIG Auditors visited each of the nine Centers whose placements were tested. OIG Auditors interviewed the Centers’ management team and discussed with them their policies and procedures, reporting requirements, demographics of their client base (e.g., farmworkers, youth, displaced workers, etc.), and the compensation structure depending on the type of job placement.

OIG Auditors also spoke with Center staff aka “Job Specialists” who interact with and assist jobseekers. The Job Specialists provided an overview of the types of career services they provide, e.g. resume building, interviewing skills, and navigating the EFM to search for job openings. They also explained the placement process and the corresponding required documentation that must be maintained in each client file, which includes CSSF’s contract-required Employment Verification Form (EVF) or a mass recruitment form in lieu of an individual EVF; Employment Eligibility Verification (Form I-9); personal data (SSNs, driver’s license, copy of government-issued ID, etc.); and Job Order Form (for direct job placements). Additional documentation in the form of cancelled checks, pay stubs, work visas, and Equifax Work Number printouts may also be found in the job placement files.

OIG Auditors validated job placements by matching the *Balanced Scorecard Report* with the above-listed documentation. Testing of job placement files were performed at the Centers (for Finding 1) and at the employer’s place of business (for Finding 2). Additional audit testing procedures are further described in each finding.

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This audit was conducted in accordance with the Generally Accepted Government Auditing Standards and the Principles and Standards for Offices of Inspector General promulgated by the Association of Inspectors General. The AIG Principles and Standards are in conformity with the Government Auditing Standards promulgated by the Comptroller General of the United States (2011).

IX. AUDIT FINDINGS AND RECOMMENDATIONS

Finding 1 Arbor attempted to meet their individual contractual obligations by reassigning job placements among their contracted Centers.

Each of the 15 Centers are operated and managed through an individualized contract between CSSF and the selected contract provider. As mentioned earlier in this report, Arbor operated 4 Centers, and Youth Co-Op operated 8—each under a separate contract, and each having different performance measures. Notably, the number of job placements to be achieved each month differs depending on the Center, its location, and the population it serves. According to the contract, the Provider needs to meet 65% of its established measures monthly. If it doesn't meet its measure, the Provider is given a reasonable period—up to 3 months—to correct its performance deficiencies. Failure to resolve the performance deficiencies within the prescribed time, subjects the Provider's contract to termination, and a consideration that the Provider not be considered for any future contracts for up to 5 years.

The Code of Federal Regulations (CFR) defines a "job placement" as the hiring by a public or private employer of an individual referred by the Provider for a job or interview.⁹ However, because a Provider may operate more than one Center, job placements must be reported through each individual Center. Documentation for each Center's activity should be maintained at each Center. A Provider may not mix or exchange placements from one Center to another.

Providers are required to maintain the following supporting documentation for all job placements entered into the EFM system for payment: (1) an EVF for direct job placements and (2) a *Work Number* printout, *New Hire Report* listing, or pay stubs from the client showing gainful employment.

OIG Auditors tested job placement documentation on file at 8 Centers. We tested job placement documentation from each of Arbor's 4 contracted Centers, and tested job placement documentation from 4 of the 8 Centers operated by Youth Co-Op. Table 4, on the following page, shows the number of job placement files tested from each of the selected Centers.

⁹ 20 CFR 651.10

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Table 4 – OIG Tested Job Placements (Provider Files)

Arbor E & T, LLC				
	Career Center	Contract No.	No. of Items Tested at the Provider's Location	
1	Hialeah Downtown	WS-CC-PY'15-01-00	195	
2	Carol City	WS-CC-PY'15-18-00	112	
3	Miami Beach	WS-CC-PY'15-20-00	64	
4	Opa-Locka	WS-CC-PY'15-19-00	28	
Total for Arbor				399
Youth Co-Op, Inc.				
	Career Center	Contract No.	No. of Items Tested at the Provider's Location	
5	Homestead	WS-CC-PY'15-12-00	55	
6	Perrine	WS-CC-PY'15-09-00	145	
7	West Dade	WS-CC-PY'15-10-00	95	
8	Little Havana	WS-CC-PY'15-08-00	56	
9	Northside	WS-CC-PY'15-11-00	0 ¹	
10	South Miami	WS-CC-PY'15-14-00	0 ²	
11	Key West	WS-CC-PY'15-07-00 ³	0 ²	
12	Key Largo		0 ²	
Total for Youth Co-Op				351
Grand Total				750

Note 1: Job placements were actually tested at the employer's place of business.

Note 2: No job placements were tested from this Center

Note 3: Both Centers are operated pursuant to one contract.

In order to validate the reported job placements, OIG Auditors examined each Center's *Balanced Scorecard Report* and matched it against supporting documentation such as: *Employment Verification Forms (EVF)*, *Work Number* printouts, New Hire Reporting data provided by the Florida Department of Economic Opportunity (DEO), cancelled payroll checks, or pay stubs. As necessary, OIG Auditors accessed the EFM system for additional information.

Audit testing of Arbor's job placement files revealed several instances showing that the job placement actually originated from another Arbor-contracted Center. In other words, the placement was improperly credited towards the receiving Center's goals. As it relates to Arbor's four Centers, Hialeah Downtown (Hialeah) was the primary donor Center providing placements to the other three Centers (Carol City, Miami Beach, and

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Opa-Locka). This form of re-assignment was seemingly done to enable the under-performing Centers to meet their monthly performance goals.

The same review of Youth Co-Op's job placement files did not reveal this condition. The remainder of this finding describes in greater detail the observations and testing results found at each of Arbor's three beneficiary Centers.

Carol City Center

OIG Auditors initially selected 96 job placements from PY15-16 for testing. As it relates to this specific condition,¹⁰ OIG Auditors noted that one EVF was completed by personnel at the Hialeah Center, not Carol City as noted in EFM. This particular EVF showed that the jobseeker was placed with an employer that routinely employs individuals referred by Hialeah personnel. OIG Auditors addressed this observation with the Carol City Center Manager, who stated that this occurred because "computer operations take place at the Hialeah Center." The Manager continued to insist that this placement was made (resulted) by Carol City personnel despite being presented with evidence to the contrary.

In light of this observation, the testing sample was expanded to add 16 job placements from PY16-17; and an additional site visit at Carol City was conducted. Arbor's Program Manager, Regional Director, and the Carol City Center Manager were all present during the second site visit. OIG Auditors selected and reviewed 16 EVFs used to support job placements reported by Carol City personnel for PY16-17. Testing of the additional 16 EVFs revealed that 5 of the 16 files reviewed (31%) were placements resulting from efforts taking place at the Hialeah Center. All 5 EVFs clearly showed the Service Provider/Training Location as "CSSF/Hialeah Center"—not Carol City.

When presented with this information, Carol City's Management Team described this as a typographical error. OIG Auditors then presented the Management Team with documentation showing that Hialeah personnel were actively engaged in the job placement services. For example, one EFM activity report showed that job searches, job referrals and self-service resume activities (on 1/25/17, 1/26/17, and 1/30/17) were all recorded in the EFM by Hialeah personnel. OIG Auditors noted that the only activity attributed to the Carol City Center, for this example, was the actual job placement on 1/30/17, which was recorded just over an hour after the resume service was provided by Hialeah personnel.

¹⁰ OIG Auditors also noted a variety of other documentation exceptions, such as incomplete records and/or lack of supporting documentation rendering the job placements invalid. Finding 1, however, relates to job placement origination.

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OIG Auditors addressed this observation with Arbor's Program Manager who, in the presence of the Regional Director, stated "We're all just one," implying that all of Arbor's placements should be viewed collectively. OIG Auditors then asked the Regional Director for the total number of executed contracts between Arbor and CSSF. The Regional Director stated that Arbor held 4 individual contracts with CSSF. When asked to explain the ramifications of a Provider that does not meet the required job placement goals for a contracted Center, the Regional Director stated that this could possibly result in them (Arbor) losing their awarded contracts.

Miami Beach Center

An initial review of 38 job placements at the Miami Beach Center for PY15-16 revealed that 9 (24%) of the job placements resulted from the efforts of Hialeah Center personnel. In light of this observation, OIG Auditors selected 26 additional placements from PY16-17. This supplemental review revealed an additional 14 job placements (54%) where the services were provided by Hialeah personnel, as evidenced by the "CSSF/Hialeah Center" notation disclosed on the Service Provider/Training Location portion of the EVF.

OIG Auditors spoke with the Miami Beach Center's Manager and shared with him this finding. He responded, "Look at the traffic here! [referring to the low customer traffic] We use those placements to make our numbers".

Opa-Locka Center

The Opa-Locka Center's documentation is housed at the Carol City Center, as the latter manages the Opa-Locka Center's staff. As such, OIG Auditors performed the Opa-Locka documentation review at the Carol City location. A site visit to the Opa-Locka Center was also performed.

OIG Auditors selected 28 job placements from Opa-Locka's PY15-16 for testing. Examination of the supporting documentation revealed that 9 resulted from job placement efforts by Hialeah personnel, and an additional 9 placements were initiated and made by Carol City personnel. As such, 64% of job placements tested were incorrectly attributed to the Opa-Locka Center.

Subsequent Events - CSSF Disallowances

OIG audit testing found that three of Arbor's contracted-Centers clearly misrepresented their job placement numbers as they received placements from another Arbor-managed Center in order to meet their individual contractual obligations. This calls into question the integrity of Arbor's reported job placements entered in the EFM.

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After the site visits in March 2017, OIG Auditors discussed these specific findings with the DEO Program Manager, who had accompanied the OIG Auditors on some of the site visits. These findings were then shared with CSSF management. Shortly thereafter, CSSF’s Executive Director advised all CSSF Providers that the practice of moving placements among a provider’s contracted Centers is prohibited and that any personnel found to be doing this would have their EFM system access revoked.

Based on the OIG’s testing results, CSSF performed additional placement analysis on all of its 15 Centers for PY16-17. The first analysis involved comparing the address of the jobseeker—who was reported as a direct placement—against the geographical area of responsibility for each Center that reported the placement. The analysis looked for jobseekers that did not reside within the Center’s area of responsibility. The analysis identified 4 Centers with higher than average direct job placements where the client resided outside of the Center’s area of responsibility. These 4 Centers were all contracted to Arbor.

The second analysis entailed reviewing 100% of Arbor’s direct job placements for PY16-17. The review revealed 285 direct job placements where the EFM job referral Center/location differed from the Center receiving payment. Further review demonstrated that the jobseekers did not receive job placement services from the Center reporting the placement. This was determined to be a misrepresentation in violation of the contract terms for which repayment of the job placement fee was sought. These 285 misrepresented direct job placements came from the same three Centers identified by the OIG in its audit testing. (See Table 5 below for a breakdown of the disallowed placements.)

Table 5: Results of CSSF’s Direct Job Placement Analysis PY16-17

Center	Disallowed Placements	Amount Paid
Carol City	229	\$ 119,650
Miami Beach	51	\$ 28,225
Opa-Locka	5	\$ 3,750
	<u>285</u>	<u>\$ 151,625</u>

CSSF notified Arbor of these results in a letter dated September 25, 2017. Arbor, while initially disagreeing with the disallowance amount, eventually accepted the findings and, via a check dated February 5, 2018, reimbursed CSSF \$151,625 for the disallowed placements.

As of May 2018, Arbor has only one contract—the Hialeah Downtown Center. Arbor elected not to submit bids to operate the Carol City, Opa-Locka and Miami Beach

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Centers. These three Centers are currently operated by CSSF.¹¹

Recommendation 1

CSSF should perform the same Direct Job Placement analysis for PY15-16 and PY17-18 (year-to-date). The analysis should be performed on both Arbor and Youth Co-Op, as each Provider operates/operated more than one Center.¹² Moving forward, any provider who operates more than one Center should also be subjected to this review as well. Reimbursement should be sought for disallowed job placements identified in the analysis.

CSSF Response

“Immediately upon learning of Arbor's reassignment of placements among [its] various contracted Career Centers, CSSF implemented several policy and system changes to strengthen programmatic oversight.” CSSF has since “implemented new restrictions on all contracted provider staff to prevent the reassignment of placements to different Career Centers in the Employ Florida Marketplace (EFM) system. Additionally, CSSF modified workforce services contracts for all Career Center providers to prohibit this practice.”

The Direct Job Placement analysis conducted on the Arbor operated Career Centers “was also performed on all Career Centers providers that operated one or more centers for the program years specified. Arbor was identified as the only service provider to reassign its job placements among their contracted Centers. Therefore, no discrepancies were found for any of the other Career Center providers related to this issue.”

Arbor Response

Arbor did not provide a specific response to this finding and/or recommendation.

¹¹ According to CSSF's Quality Assurance Supervisor, United Migrant Opportunity Services (UMOS) was operating Carol City and Opa Locka, but wanted to negotiate a partial cost reimbursement contract, which would not be in compliance with the terms of the RFP and the current performance contract. CSSF did not agree to the change and UMOS walked away from their contracts. The Cuban American National Council was operating Miami Beach, but eventually walked away from its contract because of financial hardship.

¹² Even though OIG audit testing of selected Youth Co-Op job placements did not uncover instances of Center-to-Center reassignment, we acknowledge that we only tested job placement documentation from 4 of Youth Co-Op's 8 Centers.

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Recommendation 2

CSSF should explore developing some way to electronically flag discrepancies between the originating Career Center inputting job referral information into the EFM and the Center receiving payment. If it is determined that the system cannot be programmed to detect this discrepancy, then CSSF should consider extracting this information on a monthly or quarterly basis, and manually performing this analysis for those Providers operating more than one Center.

CSSF Response

In addition to the policy changes implemented during the audit, “CSSF also developed an electronic customer satisfaction survey to validate the services received by the participant at the Career Centers when a direct job placement is entered in EFM. The CSSF Information Technology (IT) Unit controls this process, and the Career Centers do not have the ability to view or tamper with the results. Should the participant indicate services were never received at the Career Center, the placement is removed from EFM, and the Career Center is not eligible for payment. This process was implemented in February 2018.”

OIG Rejoinder

The OIG is encouraged by the proactive measures employed by CSSF in addressing this finding, and look forward to reviewing its progress during future OIG follow-up assessments.

Finding 2 Job placements reported by Youth Co-Op’s Northside Center could not be validated, resulting in questioned costs that should be disallowed and subject to repayment.

OIG Auditors selected “unverified” job placements attributed to two Career Centers (one from Youth Co-Op and one from Arbor) for further testing at the purported employers’ place of business. Job placements are flagged as “unverified” when the reported job placement (as entered into the EFM by the Providers) does not match against data supplied through one of three sources:

- The New Hire Report – report from the Florida DEO, based on employer-mandated reporting of all new hires and re-hires
- Wage Credit Database – showing persons working in employment covered by State unemployment compensation laws; information reported from the Florida Department of Revenue

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- Work Number Database – a verification service provided by Equifax, a private consumer credit agency, contracted to provide employment information to the State of Florida

The resulting unverified job placements are reported on the *Placement Verification Report*. This report, which is generated on-demand, is an exception report. However, just because a placement could not be verified, by one of the three external sources described above, does not mean that it is ineligible for payment—only that it could not be verified by one of the three stated sources. Payment to the Providers is made from the Provider's *Balanced Scorecard Report* notwithstanding the noted exceptions.

CSSF staff, beginning after the close of the 15-16 program year, began performing verification audits of job placements for individuals within certain programs.¹³ OIG Auditors, in the spring of 2017, also queried the database to generate a *Placement Verification Report* for PY15-16. In contrast to CSSF's review of program participants by category, OIG Auditors selected unverified placements by Provider and Center.

OIG auditors judgmentally selected unverified direct job placements reported by Youth Co-Op for its Northside Center, and Arbor for its Hialeah Downtown Center. We selected these two Centers based on the high number of unverified placements on the *Placement Verification Report*.

For the Northside Center, we selected 83 out of 146 unverified placements reported for PY15-16. OIG Auditors first requested supporting documentation for the job placements from the Northside Center. We were given *Mass Recruitment Employment* forms as supporting documentation. When we asked for additional support, such as EVFs, we were advised that the *Mass Recruitment Employment* form was just as good as an EVF. Not satisfied with this response, OIG Auditors decided to validate these placements via the employers.

OIG auditors found that while the Northside Center documented the referrals on the Mass Recruitment Form, the employers were unable to confirm that the individual actually started working—a chief requirement of the contract's payment provision. We concluded that Youth Co-Op received remuneration to which they were not entitled;

¹³ These programs include, but are not limited to, SNAP (Supplemental Nutrition Assistance Program), TANF (Temporary Aid for Needy Families), CAP (Career Advancement Program), Reemployment Assistance, Veterans, and Ex-Offenders. CSSF's verification audits resulted in significant disallowances against two of its Providers: SER-Jobs for Progress, Inc. (257 job placements disallowed, totaling \$106,350) and Transition, Inc. (54 job placements disallowed, totaling \$32,600, and reimbursement of \$27,500 for an incentive payment). Both Transition and SER-Jobs for Progress have repaid CSSF the disallowed amounts, including return of the incentive payment.

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therefore, we reaffirm our recommendation that CSSF disallow and seek reimbursement for the unverified placements.

For the Hialeah Downtown Center, we initially selected 3 of 133 unverified placements (PY15-16) for testing based on a cursory review of documentation held on-site at the Center. Due to incomplete paperwork and, what appeared to be, retroactively signed forms, OIG Auditors expanded the scope by adding three recent months of unverified placements to the sample from PY16-17.¹⁴ The OIG tested all (43 of 43) of the unverified placements reported for these three additional months. Because of the apparent irregularities, described above, OIG Auditors decided to validate these placements via the employers.

OIG Auditors sought to validate job placements by contacting the identified employer, conducting site-visits at the respective employers' offices, and reviewing their records.¹⁵ The combined sample size of 129 placements comprised of 7 different employers (3 employers for the Northside placements and 4 employers for the Hialeah Downtown Placements). At each of the 7 site visits, OIG Auditors interviewed the hiring manager to obtain an understanding of the hiring process and, in particular, interaction with the respective Career Center. Each employer was given a list of employees, and their employment timeframe, for which we were seeking the supporting documentation. OIG Auditors attempted to validate the reported job placements through pay stubs, cancelled payroll checks, time cards, IRS W-2 forms, and similar forms of documentation.

Our testing of the unverified placements with the four employers associated with the Hialeah Downtown Center revealed no exceptions. OIG Auditors were able to verify all EFM-reported job placements. See Table 6 below for additional details.

Table 6 – Employer Records Testing: Placements Reported by Hialeah (Arbor)

Employer	Job Placements Reported as “Unverified” on the <i>Placement Verification Report</i>				Provider Payments	Questioned Costs
	Reviewed	Validated by OIG	OIG Unable to Validate	% Validated		
General Labor Staffing, Inc.	12	12	0	100%	\$4,750	\$0
Caballero Rivera Funeral Homes	23	23	0	100%	\$11,300	\$0
JVC Franco, LLC DBA Juan Valdez Café	7	7	0	100%	\$2,800	\$0
La Victoria Distributor, Inc. DBA Gilbert’s Bakery	4	4	0	100%	\$1,550	\$0
	<u>46</u>	<u>46</u>	<u>0</u>		<u>\$20,400</u>	<u>\$0</u>

¹⁴ The three months added were January, February and March, 2017.

¹⁵ Prior to the site visits, OIG Auditors obtained SunTax records generated by the Florida Department of Revenue (DOR), which report individual wages earned by employer on a quarterly basis.

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Our testing of the unverified placements with the 3 employers associated with the Northside Center revealed exceptions with 2 of the 3 employers. Table 7 shows the number of unverified job placements (per the *Placement Verification Report*) that we were unable to validate through the purported employers' records.

Table 7 – Employer Records Testing: Placements Reported by Northside (Youth Co-Op)

Employer	Job Placements Reported as “Unverified” on the <i>Placement Verification Report</i>				Provider Payments	Questioned Costs
	Reviewed	Validated by OIG	OIG Unable to Validate	% Validated		
Alpha 1 Staffing (Summer Youth and Ready To Work Program)	28	28	-	100%	\$17,000	\$0
Centerplate (Hard Rock Stadium)	25	6	19	24%	\$9,750	\$7,450
Accurate Event Group (Miami Open, Art Basel, etc.)	30	17	13	57%	\$11,750	\$5,050
	<u>83</u>	<u>51</u>	<u>32</u>		<u>\$38,500</u>	<u>\$12,500</u>

The records reviewed at each employer’s place of business and our specific observations and findings are addressed below.

Alpha 1 Staffing, Inc. (Alpha 1)

Alpha 1 is a temporary staffing agency that facilitates the hiring of jobseekers for CSSF’s Summer Youth, Ready-To-Work, and other programs. OIG Auditors tested a sample of 28 unverified job placements at Alpha 1’s place of business. Supporting documentation reviewed consisted of payroll registers, payroll checks and employee timesheets. No exceptions were noted for the 28 placements tested. The documentation supported the reported job placements.

Centerplate, Inc. (Centerplate)

Centerplate provides food service and merchandise workers for the Hard Rock Stadium in Miami Gardens. OIG Auditors tested a sample of 25 unverified job placements at Centerplate’s place of business. Only 6 of the 25 (24%) of the placements tested could be validated. Eighteen (18) of the 25 placements (72%) had no record of employment with Centerplate, and the remaining 1 placement involved a jobseeker who did not report for work and was, thus, terminated. The value of the 19 placements that could not be validated equals \$7,450.

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Furthermore, during the site visit, Centerplate management informed OIG Auditors that Northside Center personnel routinely requested email confirmations for jobseekers that had not been hired by Centerplate. As such, Centerplate stated that they would no longer use the Northside Center for its staffing needs.

Accurate Event Group, Inc. (Accurate)

Accurate provides temporary event staffing and management for various venues such as the Miami Open, Art Basel, and other events that span from one day through two weeks. OIG Auditors tested a sample of 30 unverified job placements at Accurate's place of business. Only 17 of the 30 (57%) of the placements could be validated. Regarding the 13 unvalidated placements, 10 individuals had previously been hired by Accurate as an "Annual Event Worker" on a "standby by" basis; however, records could not be produced to validate whether they had worked during the period reported by the Northside Center. For the remaining 3 purported placements, there was no record of employment. The value of the 13 placements that could not be validated equals \$5,050.

Furthermore, during the site visit, Accurate's management explained to OIG Auditors that they repeatedly advised their workers that they do not need to continue getting referred to Accurate through the Northside Center because they are already on-call to work on upcoming events. OIG Auditors were advised that many of these workers have been with Accurate for several years. Accurate's management questioned Northside reporting of these job placements when it was Accurate staff who contacted the individuals to work the upcoming events.

Recommendation 3

CSSF should seek repayment of \$12,500 from Youth Co-Op for the unvalidated Northside job placements.

Youth Co-Op Response

Youth Co-Op disagrees with our finding that these job placements were unverified and objects to the OIG's recommendation that it should therefore be subject to a disallowance repayment of \$12,500. Youth Co-Op contends that payments made to Youth Co-Op by CSSF were in compliance with the PY15-16 contract and were made pursuant to CSSF local operating procedures. Youth Co-Op asserts that, pursuant to its contract with CSSF, the "veracity of employer's attestation made in the Mass Recruitment Employment [Form]" is sufficient supporting documentation. Youth Co-Op further declares that "The draft audit report erred in concluding that more supporting documentation was required for payment purposes."

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CSSF Response

“CSSF agreed with the initial finding of the OIG at the exit meeting. After the exit meeting, CSSF requested the names of those placements that could not be validated by the OIG for the Northside Career Center.” After review of said placements, CSSF agreed with the questioned costs identified by the OIG. CSSF also identified an additional placement found to be questionable given the methodology applied by the OIG during their audit. CSSF stated that “a total of 33 placements would be disallowed for the Youth Co-Op’s Northside center for an amount of \$12,950.00.”

OIG Rejoinder

With regard to the objection raised by Youth Co-Op, its contention that one form is sufficient documentation for payment purposes is mistaken. In addition to the documentation requirements, Youth Co-Op is also required to comply with the payment provisions of the contract for PY15-16. Specifically, Exhibit D of the executed contract for PY15-16 outlines the steps required for a Direct Job Placement.

The employer-signed Mass Recruitment form, only confirms that the individuals (on the list) were referred to their job openings. However, the contract payment provisions explicitly state that job placements must be verified “from a reliable source, preferably the employer,” that the individual has actually started working on the job before recording the job placement. As to the OIG-tested placements, this could not be substantiated by the documents provided by Northside nor those reviewed at the reported employer’s job site. CSSF’s local procedure clearly states that “Notification of a hire date will not suffice for securing placement credit.” The OIG therefore reaffirms its original findings that the job placements identified as unverified should be disallowed by CSSF.

Recommendation 4

On a quarterly basis, CSSF, should run the *Placement Verification Report* and select no less than two Centers to conduct further testing of its “unverified job placements.” Similar to the audits conducted of job placement by Program Type, these quarterly audits would involve 100% of the unverified placements per the exception report, but by Center regardless of Program Type. While CSSF may want to develop selection criteria to aid it in selecting the two Centers quarterly, the identification of the Centers should not be pre-announced. A continuous, regular, and random audit schedule will timely identify unvalidated placements for which immediate repayment may be sought.

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Youth Co-Op response

Youth Co-Op had no objection to this recommendation.

CSSF response

In an effort to increase the accuracy and efficiency of the validation process, “CSSF implemented the automation of the review of placements.” In addition, CSSF’s recently developed internal control systems seeks to evaluate the quality of job referrals and placements.

OIG Rejoinder

The OIG encourages CSSF to continue developing processes that will seek to ensure the accuracy and validity of job referrals and placements.

X. CONCLUSION

It should go without saying that the nation’s workforce development programs, especially given the large sums of money involved, require continuous monitoring and verification. These efforts must take place at all levels of the administrative process by those implementing the programs (federal, state, and local agencies), and from time to time, by external and independent auditing entities, such as offices of inspector general.

With each review, inspection, and audit, weaknesses can be identified, controls can be strengthened, and processes can be improved. Ultimately, fraud, waste, and abuse must be stamped out through continuous detection and deterrence.

The OIG appreciates CSSF’s acceptance of all recommendations. The OIG asks CSSF to report on the status of fully implementing these recommendations, and to include with its response any documents, new or amended policies and procedure, supporting their implementation. We kindly request that CSSF provide the OIG with this status report in 90 days, on or before October 18, 2018.

Last, the OIG would like to thank the staffs of CSSF, Arbor and Youth Co-Op for their cooperation and for the courtesies extended to the OIG throughout this audit.

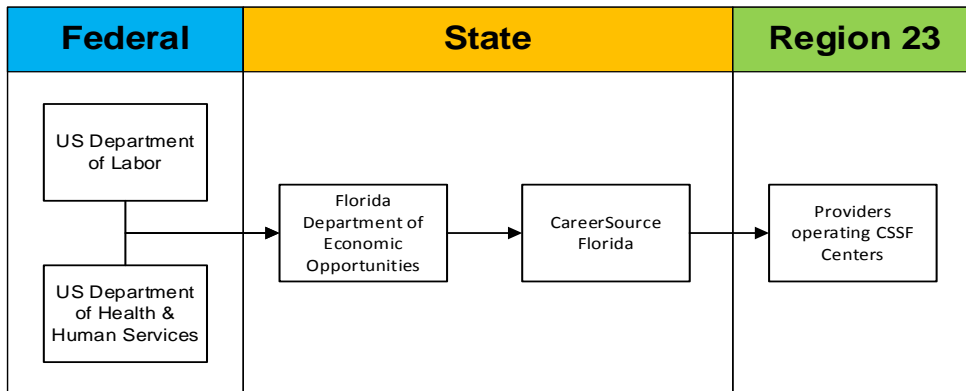
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APPENDIX A - Funding to Providers

1. Overview

There are two categories of job placements: Direct Job Placement and Obtained Employment. Each placement type has an associated payment amount that the Providers receive for job placement efforts. Direct Job Placements pay between \$400 to \$1,700 depending on the classification of the individual jobseeker. For example, an individual receiving federal assistance would garner \$1,700 per placement; an individual who had been laid off work and receiving unemployment benefits would garner \$1,200 per placement; and an individual not otherwise meeting one of the other categories would garner \$400 per placement. Obtained Employment pays a standard flat rate of \$100 per placement. The process for each of the two job placement types are further depicted in this appendix.

Funds to pay the contracted Providers for these placements comes from the federal government via the U.S. Department of Labor and the U.S. Department of Health and Human Services. These funds flow through the Florida Department of Economic Opportunities, which is the administrative entity for CareerSource Florida, to the local level.



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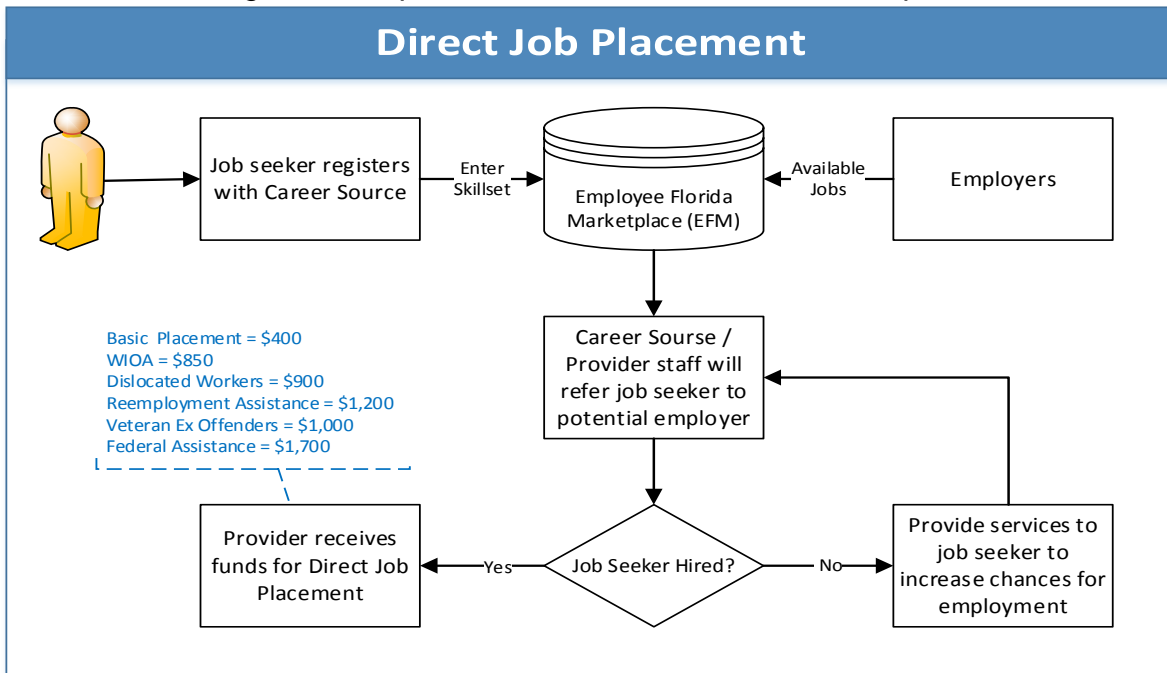
APPENDIX A - Funding to Providers (cont.)

2. Direct Job Placement

A Direct Job Placement can be claimed when a jobseeker received training assistance at a Center or when the Provider recruits the jobseeker on behalf of the prospective employer and facilitates the hiring process. The Code of Federal Regulations (20 CFR 651.10) defines a Direct Job Placement as the hiring by a public or private employer of an individual referred by the Provider for a job or an interview. To be eligible for payment of the Direct Job Placement, the Provider must fulfill all of the following requirements:

1. Prepare a job order form prior to the job referral;
2. Make prior arrangements with the employer for the referral of an individual or individual(s);
3. Refer an individual who has not been specifically designated by the employer, except for referrals on agricultural job orders for a specific crew leader or worker;
4. Verify from a reliable source, preferably the employer, that the individual has starting working;
5. Record the placement in EFM

Below is a high-level depiction of the Direct Job Placement process.



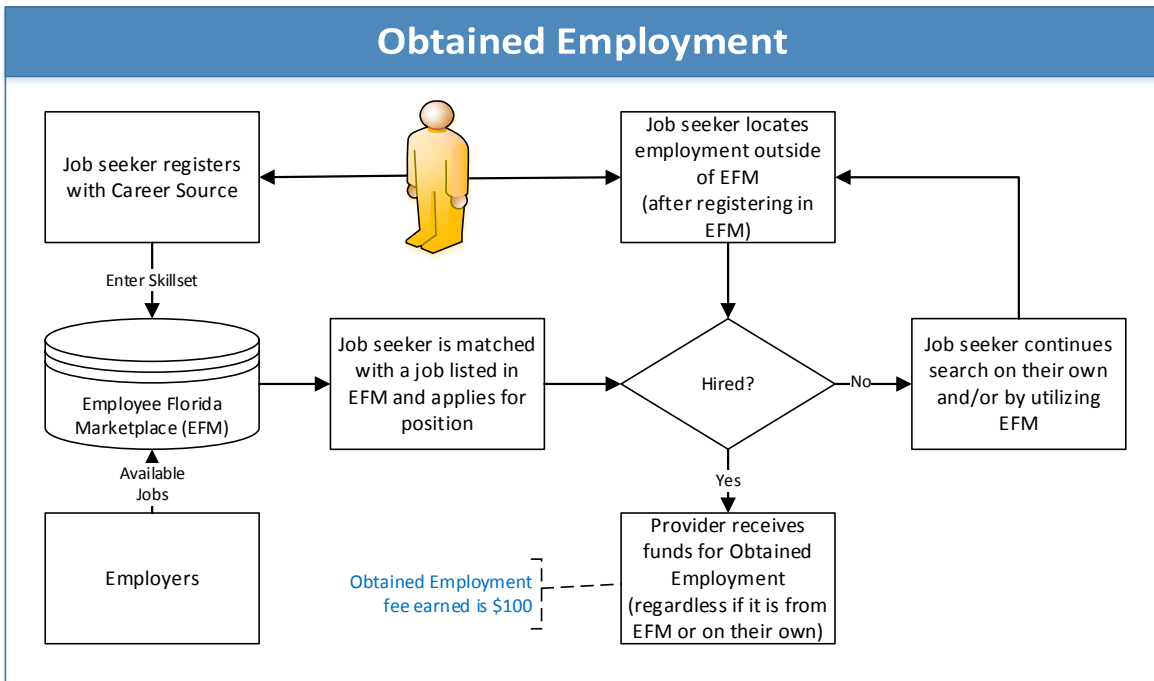
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APPENDIX A - Funding to Providers (cont.)

3. Obtained Employment

Obtained Employment is the term used when a person, who has registered with a Career Center, obtains employment on their own within 180 days of the registration date. Employment may have been secured either by the jobseeker applying to job postings via the Employ Florida Marketplace or through individual efforts not involving the Career Center—albeit the Career Center may have assisted the jobseeker with services such as Resume Review, Interview Skills, or Microsoft Classes, even though none of these services are required to be provided in exchange for the \$100 placement.

Below is a high-level depiction of the Obtained Employment process.



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APPENDIX A - Funding to Providers (cont.)

4. Recording Placements, Payments and Verifying Employment

Job placements can be manually entered into EFM by the Provider's staff or it can be validated through an automated process. A daily query is performed by CSSF's Information Security Department, which interfaces their registered EFM users with independent state and federal employment reports or databases. Both the manually-entered and the query-derived job placements are added to the CSSF *Balanced Scorecard Report* on a daily basis. The *Balanced Scorecard Report* keeps a tally of job placements by Center, placement type, as well as other pertinent information. CSSF utilizes the *Balanced Scorecard Report* to measure the performance of the Providers against their contracted performance standards set forth in the contract

If the job placements recorded in EFM cannot be validated through the automated query process, they are placed on a separate Placement Verification Report, but will also remain on the *Balanced Scorecard Report*. The Placement Verification Report is utilized by the Providers as well as CSSF staff to perform and obtain placement verifications. At the end of the Program Year, CSSF staff will select a sample of non-verified job placements from the Placement Verification Report and request supporting documentation from the Provider, employer or jobseeker. If CSSF determines that the job placement is valid, no further action is taken. If a disallowance is found prior to the Provider receiving payment for the placement(s), CSSF will remove it directly from the Automated Placement Invoice System to prevent payment. Conversely, if payment has already been made or it is found after the Program Year has been closed, then a report of findings is sent to the Providers and reimbursement is sought for any disallowances identified.

In order to verify that a jobseeker has indeed started working, the Provider is required to maintain the following documentation: a completed Employment Verification Form, a Work Number printout confirming that the jobseeker started working, the New Hire Report provided by DEO, or pay stubs from the employer.

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APPENDIX B-1 – Detailed Schedule of Job Placements for PY15-16

	Provider	Location	Job Placement Type			
			Direct Job Placement (DJP)	Obtained Employment (OE)	Total	
1	Arbor E&T, LLC	Hialeah Downtown Center	1,475	3,392	4,867	
2	Arbor E&T, LLC	Carol City Center	1,141	4,258	5,399	
3	Arbor E&T, LLC	Miami Beach Center	626	1,269	1,895	
4	Arbor E&T, LLC	Opa Locka Center	293	709	1,002	
5	Youth Co-Op	Homestead Center	2,429	2,162	4,591	
6	Youth Co-Op	Perrine Center	2,149	5,464	7,613	
7	Youth Co-Op	West Dade Center	1,970	6,545	8,515	
8	Youth Co-Op	Little Havana Center	1,528	4,033	5,561	
9	Youth Co-Op	Northside Center	1,539	4,601	6,140	
		Subtotal	13,150	32,433	45,583	73%
10	Youth Co-Op	Key West Center*	430	1,069	1,499	
11	Youth Co-Op	Key Largo Center*				
12	Youth Co-Op	South Miami Center	348	1,078	1,426	
13	City of Miami	City of Miami Center	872	2,828	3,700	
14	SER-Jobs For Progress, Inc.	North Miami Beach Center	1,619	7,614	9,233	
15	Transition Inc.	Transition Offender Service Center	476	367	843	
		Subtotal	3,745	12,956	16,701	27%
		Total	<u>16,895</u>	<u>45,389</u>	<u>62,284</u>	<u>100%</u>

Not selected for audit testing

*Youth Co-Op reports job placements for Key West and Key Largo as one unit (Center) for reporting purposes.

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Providers Arbor E&T, LLC and Youth Co-Op, Inc.

APPENDIX B-2 – Detailed Schedule of Job Placements for PY16-17

	Provider	Location	Job Placement Type			
			Direct Job Placement (DJP)	Obtained Employment (OE)	Total	
1	Arbor E&T, LLC	Hialeah Downtown Center	1,749	3,668	5,417	
2	Arbor E&T, LLC	Carol City Center	1,786	4,220	6,006	
3	Arbor E&T, LLC	Miami Beach Center	430	1,148	1,578	
4	Arbor E&T, LLC	Opa Locka Center	228	710	938	
5	Youth Co-Op	Homestead Center	1,961	2,682	4,643	
6	Youth Co-Op	Perrine Center	1,999	5,820	7,819	
7	Youth Co-Op	West Dade Center	1,550	7,302	8,852	
8	Youth Co-Op	Little Havana Center	1,193	4,566	5,759	
9	Youth Co-Op	Northside Center	993	4,521	5,514	
		Subtotal	11,889	34,637	46,526	77%
10	Youth Co-Op	Key West Center*	305	992	1,297	
11	Youth Co-Op	Key Largo Center*				
12	Youth Co-Op	South Miami Center	234	1,178	1,412	
13	City of Miami	City of Miami Center	797	2,635	3,432	
14	SER-Jobs For Progress, Inc.	North Miami Beach Center	485	6,177	6,662	
15	Transition Inc.	Transition Offender Service Center	439	515	954	
		Subtotal	2,260	11,497	13,757	23%
		Total	<u>14,149</u>	<u>46,134</u>	<u>60,283</u>	<u>100%</u>

Not selected for audit testing

*Youth Co-Op reports job placements for Key West and Key Largo as one unit (Center) for reporting purposes.

MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

Attachment 1

CareerSource South Florida's Response

*South Florida Workforce Investment Board d/b/a CareerSource South Florida
Providers Youth Co-Op, Inc. and Arbor E&T, LLC*

IG16-0030-A



careersourcesfl.com

July 2, 2018

Ms. Mary Cagle
Inspector General
Miami-Dade County
Office of the Inspector General
601 NW 1st Court, South Tower, 22nd Floor
Miami, FL 33136

Re: Response to Office of the Inspector General (OIG) Draft Audit Report

Dear Ms. Cagle:

South Florida Workforce Investment Board (SFWIB)/CareerSource South Florida (CSSF) is in receipt of the Office of the Inspector General's (OIG) Draft Audit Report dated June 12, 2018 with regards to IG16-0030-A. CSSF would like to thank you for conducting the audit, as stewards of the tax payers dollars, CSSF always strives to provide the very best in services both effectively and efficiently.

As indicated in the Audit Report, Federal Law/Regulations allow Local Workforce Development Boards to report multiple job placements on an individual within a program year. Those procedures reference Federal Regulation 20 CFR 651.10 as the official guidance on what is required to record a job placement. However, since program year 2014 CSSF limited the reporting of an individual jobseeker to one placement per program year. The limitation policy was a part several policies CSSF implemented to enhance employment services to jobseekers and strengthen the accountability of information reported.

When the OIG staff brought an issue our attention, CSSF immediately addressed the issue by evaluating practical solutions, and implementing the appropriate measure to resolve the issue. Again, we would like to thank you for your suggestions and recommendations. The enclosed responses will indicate the OIG recommendations have already been implemented. Please find attached individual responses to each of the issues brought forward as well as the recommendations of your office.

Please feel free to call me at (305) 929-1501 or Frances Gonzalez at (305) 929-1520, should you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Beasley", is written over the typed name.

Rick Beasley
Executive Director

South Florida Workforce Investment Board

info@careersourcesfl.com

7300 Corporate Center Drive, Suite 500
Miami, Florida 33126

p: 305-594-7615 | f: 305-470-5629



Ms. Mary Cagle
Miami-Dade County
Office of Inspector General
July 2, 2018
Page 2 of 5

Attachment

Pc: David Gilbert, Adult Programs Manager, CSSF
Robert Smith, Adult Programs Supervisor, CSSF
Yian Perrin, DEO Programs Manager, CSSF
Frances Gonzalez, Quality Assurance Coordinator, CSSF
Audit File

Finding 1: Arbor attempted to meet their individual contractual obligations by reassigning job placements among their contracted Centers.

CSSF Response

Immediately upon learning of Arbor's reassignment of placements among their various contracted Career Centers, CSSF implemented several policy and system changes to strengthen programmatic oversight. In May 2017, CSSF revoked system access to those Career Center staff involved reassigning job placements, as well as, implemented new restrictions on all contracted provider staff to prevent the reassignment of placements to different Career Centers in the Employ Florida Marketplace (EFM) system. Additionally, CSSF modified workforce services contracts for all Career Center providers to prohibit this practice.

In May 2017, the CSSF Office of Continuous Improvement (OCI) Quality Assurance and Adult Programs Units reviewed 100 percent of all program year 2016-17 direct job placements for all Arbor centers. As a result of the review, CSSF rejected a total of 285 direct job placements where the referral center/location and the center that received payment for the placement were different. Additionally, participants were not provided services by the center receiving payment for the placements. The total disallowed cost for the 285 direct job placements was \$151,625.00.

On February 5, 2018, Arbor submitted payment of disallowed costs.

Recommendation 1: CSSF should perform the same Direct Job Placement analysis for PY15-16 and PY17-18 (year-to-date). The analysis should be performed on both Arbor and Youth Co-Op, as each Provider operates/operated more than one Center. Moving forward, any provider who operates more than one Center should also be subjected to this review as well. Reimbursement should be sought for disallowed job placements identified in the analysis.

CSSF Response

The aforementioned review conducted on the Arbor operated Career Centers was also performed on all Career Centers providers, which operated one or more centers for the program years specified. Arbor was identified as the only service provider to reassign its job placements among their contracted Centers. Therefore, no discrepancies were found for any of the other Career Center providers related to this issue.

Further, as previously mentioned, CSSF revoked access to all Career Center staff from reassigning placements amongst the various centers in the EFM system in May 2017. Therefore, this issue is no longer occurring.

As a part of CSSF's ongoing monitoring process, the CSSF OCI Quality Assurance Unit continuously reviews for any discrepancies regarding the issue of reassigning of job placements.

Federal/State regulations allow local workforce boards to report multiple placements; however, in program year 2014-15 CSSF executed performance base contracts for Career Center service providers. The contract modification were implemented to ensure credit is not given to the Career Centers for multiple placements during a program year. A key aspect of the CSSF contract modification is count a job placement only once per distinct social security number for the same jobseeker within the program year. This checks and balance process is fully automated through the programming of the CSSF Balance Scorecard and Automated Payment Invoice System, which is proprietary to this Region.

Recommendation 2: CSSF should explore developing some way to electronically flag discrepancies between the originating Career Center inputting job referral information into the EFM and the Center receiving payment. If it is determined that the system cannot be programmed to detect this discrepancy, then CSSF should consider extracting this information on a monthly or quarterly basis, and manually performing this analysis for those Providers operating more than one Center.

CSSF Response

CSSF has developed and implemented its own proprietary automated payment system that allows CSSF to determine the parameters in which a payment is generated. As a result of which, the system is programmed to only generate a payment when the referring Career Center is the same as the Career Center resulting the placement. CSSF has also established protocols with the Career Center staff security access in the EFM system to prevent any reassignment of job referrals.

CSSF also developed an electronic customer satisfaction survey to validate the services received by the participant at the Career Centers when a direct job placement is entered in EFM. The CSSF Information Technology (IT) Unit controls this process and the Career Centers do not have the ability to view or tamper with the results. Should the participant indicate services were never received at the Career Center, the placement is removed from EFM, and the Career Center is not eligible for payment. This process was implemented in February 2018.

Moreover, CSSF has developed electronic internal control systems to evaluate the quality of job order and referral processes of the Career Centers. The system was designed to ensure Career Centers are providing services in accordance with 20 CFR 651.10.

Finding 2: Job placements reported by Youth Co-Op's Northside Center could not be validated, resulting in questioned costs that should be disallowed and subject to repayment.

CSSF Response

CSSF agreed with the initial finding of the OIG at the exit meeting. After the exit meeting, CSSF requested the names of those placements that could not be validated by the OIG for the Northside Career Center. After review of said placements, we agree with the OIG in questioned costs. It should be noted, an additional placement was found questionable for Accurate Event Group given the methodology applied by the OIG during their review. Therefore, a total of 33 placements will be disallowed for the Youth Co-Op Northside center for an amount of \$12,950.00.

Recommendation 3: CSSF should seek repayment of \$12,500 from Youth Co-Op for the unvalidated Northside job placements.

CSSF agrees with the OIG recommendation. A letter will be sent to Youth Co-Op requesting repayment of \$12,950.00 for the 33 placements, which could not be validated by the OIG.

Recommendation 4: On a quarterly basis, CSSF, should run the Placement Verification Report and select no less than two Centers to conduct further testing of its “unverified job placements”. Similar to the audits conducted of job placement by Program Type, these quarterly audits would involve 100% of the unverified placements per the exception report, but by Center regardless of Program Type. While CSSF may want to develop selection criteria to aid it in selecting the two Centers quarterly, the identification of the Centers should not be pre-announced. A continuous, regular, and random audit schedule will timely identify unvalidated placements for which immediate repayment may be sought.

CSSF has a general auditing process of all placements entered into the EFM system by Career Centers to ensure accountability and accuracy of data reported. In September 2016, CSSF implemented the automation of the review of placements and developed the Placement Verification Report. Prior to September 2016, the process was manual using a two-layer approach, whereas the DEO Programs Unit performed reviews on the front-end and the OCI Quality Assurance Unit performed the reviews on the back-end. Because of the automation, CSSF is able to validate more placements, increase the accuracy of the validation process and reduce manpower hours.

As previously discussed, CSSF has developed electronic internal control systems to evaluate the quality of job order and referral processes of the Career Centers. The system was designed to ensure Career Centers are providing services in accordance with 20 CFR 651.10. Please note all of the aforementioned reports, programs and internal controls are proprietary in nature.

Lastly, for over eight years, CSSF has required all workforce services provider contracts include the completion of jobseeker registration. CSSF defines a complete registration as: name, address, valid telephone number, e-mail address, educational background and work history. All of which must be included in an active resume in the EFM system. This requirement is more detailed and above the Federal and/or State jobseeker registration requirements. Any referral issued to jobseekers that did not have a complete registration at the time of referral will not generate a payment. This checks and balance process is fully automated from the Region's proprietary system.

MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

Attachment 2

Arbor E&T, LLC's Response

*South Florida Workforce Investment Board d/b/a CareerSource South Florida
Providers Youth Co-Op, Inc. and Arbor E&T, LLC*

IG16-0030-A



June 25, 2018

To: Mary T. Cagle, Inspector General
Miami-Dade County, Office of the Inspector General

From: Mark Douglass, President
Arbor E&T, LLC dba ResCare Workforce Services

Subject: Response to the Miami-Dade County Office of the Inspector General Draft Audit Report
– South Florida Workforce Investment Board d/b/a CareerSource South Florida
(Providers Arbor E&T, LLC and Youth Co-Op, Inc.) Ref. IG16-003 0-A

Thank you for the opportunity to respond to the findings in the subject audit report as detailed in *Section IX: Audit Findings and Recommendations*.

Finding 1: *Arbor attempted to meet their individual contractual obligations by reassigning job placements within their contracted Centers.*

Arbor leadership and staff appreciate the level of review conducted and the recommendations made to the local area to ensure future compliance. It was never the Company's intent to not be in alignment with local performance expectations and oversight standards. We value the changes made to policy which now clarify that job reassignment is prohibited and have trained our staff accordingly. It is our goal to ensure that outcomes properly reflect the investment made in each community whose citizens we have been trusted to serve. As noted in your report, Arbor elected not to bid on the contracts for the CareerSource operations in Carol City, Opa-Locka and Miami Beach. Arbor's focus is providing quality outcomes and engaging in continuous improvement at the CareerSource Hialeah Downtown Center operation. Arbor commits to being responsive to any needs for change and will cooperate fully with any additional analysis to evaluate its future standing.

Finding 2: *Job placements reported by Youth Co-Op's Northside Center could not be validated, resulting in questioned costs that should be disallowed and subject to repayment.*

Although Finding 2 references exceptions that do not directly involve Arbor, the Company understands that the scope of the Hialeah Downtown Center review was expanded because of the appearance of incomplete forms and other irregularities. Arbor's local management will work with its Hialeah Downtown Center staff to reinforce quality standards around documentation and strengthen internal review efforts.

In closing, the time and effort of the OIG staff to provide a thorough and detailed review is appreciated. Arbor is committed to ensuring ongoing quality improvements and will continue all efforts to adhere to local policies. We are earnest in our desire to be both a supportive and accountable partner of the workforce system.

MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL



FINAL AUDIT REPORT

Attachment 3

Youth Co-Op, Inc.'s Response

*South Florida Workforce Investment Board d/b/a CareerSource South Florida
Providers Youth Co-Op, Inc. and Arbor E&T, LLC*

IG16-0030-A



YOUTH CO-OP INC.
A NON PROFIT ORGANIZATION
Serving South Florida Since 1973

June 21, 2018

Ms. Mary T. Cagle, Inspector General
Miami-Dade County
Office of the Inspector General
601 NW 1 Court
South Tower, 22nd Floor
Miami, FL 33136

Dear Ms. Cagle:

The purpose of this letter is to respectfully respond to the Inspector General's Draft Audit Report provided to our offices on June 13th, 2018.

As it pertains to our agency, the audit report raises one essential issue in correlation to the Office Inspector General's finding that "Job placements reported by Youth Co-Op's Northside Center could not be validated, resulting in questioned costs that should be disallowed and subject to repayment." *See* Audit Report Page 18, Finding 2.

In consideration of the finding made by the OIG, two recommendations were proposed:

1. Career Source South Florida ("CSSF") to seek repayment of \$12,500 from our agency for the unvalidated job placements;
2. CSSF should modify its audit procedures to include random audits for the purposes of identifying unvalidated job placements

Youth Co-Op Inc. commends the OIG for carrying out this investigation. It is crucial to investigate and address employment issues in Miami-Dade County. We acknowledge that internal controls and modifications to audits and other related logistical improvements from CSSF should undoubtedly help mitigate discrepancies as it relates to employment verification. Our mission is to create sustaining employment for our community, therefore we have no objection to the second recommendation.

Nonetheless, we do object to the first recommendation on the grounds that the payments made to Youth Co-Op, Inc. by CSSF were in compliance with the PY 2015-16 contract and pursuant to CSSF local operating procedures.

OIG auditors investigated job placements that they were unable to verify utilizing the following three sources:

- The New Hire Report – report from the Florida DEO, based on employer-mandated reporting of all new hires and re-hires;

3525 NORTHWEST 7th STREET ♦ MIAMI, FLORIDA 33125 ♦ TEL. (305) 643-6730 ♦ FAX (305) 643-1908

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Funded by:





Ms. Mary T. Cagle, Inspector General

June 27, 2018

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- Wage Credit Database – showing persons working in employment covered by State unemployment compensation laws; information reported from the Florida Department of Revenue; and
- Work Number Database – a verification service provided by Equifax, a private consumer credit agency, contracted to provide employment information to the State of Florida. *See* Audit Report Page 19, Para 2.

The OIG concedes that the verification methodology used by the auditors to verify job placements is not required from our agency for the purposes of receiving payment pursuant to our contract. Specifically, the OIG draft report states: “However, just because a placement could not be verified, by one of the three external sources described above, does not mean that it is ineligible for payment, only that it could not be verified by one of three stated sources.” *See* Audit Report Page 19, Para 1.

OIG auditors selected 83 job placements that did not pass their verification process to further investigate the validity of these placements. OIG auditors requested from our career center supporting documentation for the job placements in question. We provided the requested Employer Verification Form created by CSSF to verify employment for mass hirings. This form is titled *Mass Recruitment Employment* form. The form provides a list of all job placements made by our career center and requires the employer to verify the respective job placements by reviewing the list of employees, and signing/affirming that the job placement information on the form is correct, and that they are a duly authorized representative of the employer.

The *Mass Recruitment Employment* form was created by CSSF and was made available in their database since 2011. For the past years, this form has been considered an acceptable method of employment verification. Indeed, CSSF’s annual audit and programmatic monitoring review includes data validation and review of the *Mass Recruitment Employment* forms. This form has always been furnished and accepted by CSSF Quality Assurance monitors as a valid employment verification form.

It is not clear to Youth Co-Op, Inc.’s management why the *Mass Recruitment Employment* form was deemed insufficient by the OIG’s auditors. *See* Audit Report Pg. 19 & Para. 4.

The draft audit report erred in concluding that more supporting documentation was required for payment purposes. The OIG report on page 13 of the “Requirements for Documentation” section indicates that the PY 2015-16 contract required more than one supporting documents for all job placements entered into the EFM system.



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Please note, additional supporting documents beyond an employment verification form, such as the *Mass Recruitment Employment* form, was not required under the PY 2015-16 contract for the Northside Career Center. Our contract for PY 2015-16, under the "Statement of Work", Exhibit A, and established provisions for payment require only one of the following documents:

- Employment verification form completed by the employer; OR
- Employment verification form with training vendor logo completed by the employer and validated by the contractor; OR
- The work number system; OR
- Pay stub in conjunction with documented employer contact, or employer offer letter; OR
- A new hire report; OR
- The RA system formerly Unemployment Insurance (UI) system and/or Wage Credit Database with documented employer contact; OR
- For Self-Employed Individuals, attach Form 1099- Misc. (Miscellaneous Income) and/or Form W-4.

We were compliant with the payment provisions, which requires no other documentation beyond documenting the employer's verification for payment purposes. According to the Payment Provisions found in Exhibit D, page 1 and 2 of 6 in our Northside Career Center contract for PY'15-16, the following steps were required to be completed for a Wagner-Peyser Direct Job Placement:

- Prepared a job order form prior to referral, except in the case of a job development contact on behalf of a specific applicant;
- Made prior arrangements with the employer for the referral of an individual or individual(s);
- Referred an individual who has not been specifically designated by the employer, except for referrals on agricultural job orders for a specific crew leader or worker;
- Verified from a reliable source, preferably the employer, that the individual had entered on a job; and
- Appropriately recorded the placement.

Youth Co-Op Inc. has internal controls in place to ensure compliance with the payment provisions under our contract with CSSF, which includes obtaining the employer's verification prior to uploading any job placement in the EFM system for payment purposes. Similarly, we conduct random checks by contacting the employer or the participant to confirm the information included in the verification form. We check for previous employment with the Florida UI system to determine if the placement is a rehire allowable for payment per our contract.



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The OIG's auditors selected 83 job placements with three different employers to investigate and validate. The auditors contacted the employers, conducted site-visits at the respective employers' offices, and reviewed their records, to include: pay stubs, cancelled payroll checks, time cards, IRS W-2 forms, and other related documents. Although these employers had previously signed off and affirmed the veracity of these job placements to include work details, such as the date of hire, the amount of hours provided per week, and their wage rate, OIG Auditors were unable to validate 31 of these job placements with the employer's records.

The process of validating post-employer verification for Wagner-Peyser Universal Placements (placements in question) is not a requirement under the PY 15-16 contract. Follow-up post-employment is not required for Wagner-Peyser Universal Placements. In essence, the contract as designed by CSSF, relied exclusively on the veracity of employer's attestation made in the employer verification form. Once such attestation was made, we have the contractual right to upload the placement in the EFM system and request payment. Simply put, PY 15-16's established verification process did not take into account erroneous information provided by employers nor did it require our agency to validate this information after it has been previously verified by one of the acceptable forms.

Of the 31 job placements that the OIG Auditors were unable to validate, 18 were from Centerplate. We want to clarify that Centerplate does not report in the Florida UI system; Centerplate may report in another state's UI system since their corporate offices are located in another state, but we do not have access to the UI systems in other states.

It is worth noting with regard to OIG's tested placements, that we have found inconsistencies in the information included in the UI system, the Wage Credit Database, the Work Number, and the Employer Verifications. For example:

- 1) Argueta, Adalberto was included in the disallowance for \$350 because the auditor claimed that there is no record of employment with the employer. However, the Wage Credit Database shows that this participant was employed by Accurate Event Group, Inc. during the period reported (placement recorded on November 20, 2015, and Wage Credit Database shows earnings of \$461.13 during the fourth quarter).
- 2) The following cases were included in the disallowance because the participants had worked with the same employer in the past and were rehired:
 - Anthony, Aleem
 - Johnson, Frederick
 - Gordon, Theresa
 - Miller, Brenda



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In Attachment 4, Exhibit A, page 3 of 14 of our contract, in reference to rehires it states that “There must be a break in employment of at least 120 days and/or show a new date if the job placement is with the same employer.” Therefore, these placements were eligible for payment, and should not be disallowed.

Additionally, according to the UI records, some of these placements, which were reported by the employer, do not show up.

- 3) In the case of McDonald, Laverne, the employer (Accurate Event Groups, Inc.) provided the Northside Career Center with a signed verification showing a start date of 3/21/2016. When OIG performed the validation, the employer verified the start date as 9/19/2016. However, UT Wages shows earnings with Accurate Event Group, Inc. in the second quarter of 2015.
- 4) In the case of Guerrero, Humberto, the employer verified to the OIG that the start date was 3/30/15; despite what was reported to the OIG, we have a signed employer verification that the individual started to work on 3/21/2016. Also, UI information does not show any record that the individual worked for the employer.
- 5) In the case of Pierre, Andermann, the employer reported to the OIG the start date of 3/26/2013. However, this individual does not have any record of earnings in the UI system. It is also worth noting the employer signed an employment verification for 3/21/2016.
- 6) In the case of Taylor, Frances, the employer reported to the OIG the individual’s employment date was 11/16/2016, although having previously signed an employment verification form for 3/21/2016. There are no UI records for this individual. We were able to contact this individual, who claims that due to a disability the individual has never worked.
- 7) In the case of Sherill, Celetha, UI record shows earnings in the fourth quarter of 2015 with Accurate Event Group, Inc.; the same employer claimed to the OIG that the individual started work on 3/16/2017. The same employer signed an employment verification for Northside confirming the individual worked the event of 3/21/2016.

It seems evident that there are discrepancies, which are not attributable to anything that could have been prevented by Youth Co-Op, Inc.

Even in cases that the OIG was able to validate with the employer, we found discrepancies in the data reported to the different systems of verification. In the case of Hamilton, Johnnie, the Ms.



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individual was reported by the Northside Career Center as working on 8/11/15. The employer confirmed to the OIG and via the employment verification that the individual was working on 8/11/15. The Work Number shows the individual worked with the same employer in 2012 and 2013 in numerous events, but it does not show earnings for 8/11/15 in their records. Therefore, we would not have been able to use other means of verification, except what the employer provided to us.

This demonstrates that no system is completely accurate or sufficiently reliable to be able to validate the placement information.

Additionally, access to information that the OIG staff reviewed after more than one year had passed, was not available at the time the placement was entered into EFM. Youth Co-Op could not have obtained the documentation from the UI system, Wage Credit Database, or Work Number (if applicable) when the placement was recorded.

Staff worked with representatives from employers, Centerplate and Accurate Event Group, Inc., to organize job fairs/mass recruitments. These employer representatives signed the employment verification, confirming that the individuals referred to their job openings were placed into employment. As explained above, Youth Co-Op Inc. has in place procedures for checks and balances to ensure documentation is as accurate as possible prior to entering data into the EFM system and for billing. When inaccuracies are detected, we remove the placement from the invoice, and do not request credit for it.

We performed our due diligence and maintained compliance with our contractual obligations. As a result, we respectfully assert that we should not be financially impacted for the reasons stated above.

Sincerely,

Maria Rodriguez
President