




INTER-OFFICE MEMORANDUM
Housing and Community Development Department

TO: Patrick O'Connor, Interim County Manager
Office of the County Manager

FROM: Michael Rowicki, Deputy Director 
Housing and Human Services Department

DATE: October 27, 2014

SUBJECT: Internal Audit Response for Housing and Human Services
Department – Office of Workforce Development

Attached are the responses to the Internal Audit for the Housing and Human Services Department – Office of Workforce Development report to Mr. Anthony Nicks.

If you have any questions, please contact me at (404) 612-7187.



October 27, 2014

Anthony Nicks, County Auditor
Fulton County Office of Internal Audit
141 Pryor Street, 8th Floor
Atlanta, GA 30303

Dear Mr. Nicks:

In response to the Onsite OWD Monitoring Summary sent on September 16, 2014, please find our response to the required responses enclosed.

Thank you for your cooperation and continued support as we strive to provide excellent services to the citizens of Fulton County. If you have any questions concerning the attached information, please contact Sonia Wilson at 404-613-6381.

Sincerely,

Mike Rowicki, Deputy Director
Fulton County Housing and Community Development

//Attachments:

Audit Responses

cc: Patrick O'Connor, Interim County Manager, Office of the County Manager
Sonia Wilson, Division Manager, Office of Workforce Development

Office of Internal Audit (OIA)

Fulton County Government

Findings 1 – Delays in the grant establishment process

Best practices recommend that the procedures required for establishment of grants should operate at maximum efficiency to ensure the timely receipt of funding. Our audit revealed that the OWD grant establishment process is deficient, causing extreme delays in grant revenue Recognition. Failure to establish grant funding in a timely manner impedes WIA program operations and OWD's ability to obligate funds before the grant award expires. Our audit revealed that the grants with 75% funding distribution took the least amount of time to be established (an average of 84 days) and the grants with 25% funding distribution took an average of 173 days. The Youth Grant took the longest amount of time to be established, a total of 245 days.

Through additional analysis, we were able to identify that the "budget set-up" procedure severely impeded OWD's grant establishment process. This procedure took the longest amount of time to complete, an average of 56 days. Our discussions with HHSAS revealed that there was WIA grant funds still available and eligible for use in the old grant budget, thus there was no urgency for HHSAS to set-up the new grant budget. As of 2014, HHSAS sets-up the WIA grant budgets upon receipt from OWD.

OIA Recommendations:

We recommend OWD immediately inform HHS's management of any potential impediments in the grant establishment process. HHS management should then ensure that all parties involved in the OWD grant establishment process are aware and work diligently to rectify all deficient procedures within a timely manner. If unable to resolve the deficiency, HHS's management should immediately inform the County Manager.

Response:

The Department agrees with this finding and recommendation. The Office of Workforce Development understands that if the grant awards are not established in a timely manner that it impedes on the overall operation of the program. OWD management has worked with the Administrative Support Department to establish procedures that will expedite the process for grant budget setups.

Corrective Action Plan:

All Workforce Investment Act grants budget should be established within 15 business days of executed grant awards by the Administrative Support Department, until such time that the new Housing and Community Development Department has complete control of the budget process in FY2015. If the budget is not established within 15 business days, the HCD Deputy Director/Director will notify the County Manager.

Finding 2 – OWD Division Manager does not control the financial operations of the WIA Grants

Program Managers are responsible for the successful programmatic and financial execution of their assigned grant program. Within OWD, one employee serves in a dual capacity as the Program Manager and Division Manager under the title of OWD Division Manager. The WIA programmatic staff reports directly to the OWD Division Manager; however, the WIA financial staff does not. The Accountant assigned to and funded by WIA is located in HHSAS and reports to the HHS Director of Administrative Services. Consequently, the OWD Division Manager has no control over the daily financial operations of the WIA grants. Failure to provide the OWD Division Manager control of the WIA grants' financial execution has caused delays in HHS's response to GWD audits and in the grants' AMS funding establishment.

OIA Recommendations:

We recommend that HHS's management either assume full responsibility of the WIA grants' financial execution or relinquish the management of the WIA Accountant to the OWD Division Manager in order to support the financial accountability role and effectively monitor program obligations and expenditures.

Response:

The Department agrees with this finding and recommendation. Under a past reorganization plan by a former County Manager all fiscal responsibilities for this Division was given to the Administrative Support Department for the Housing and Human Services Department.

Corrective Action Plan:

The Department's management team has made arrangement in the FY2015 Budget for the Accountant II to report directly to the Division Manager for the Office of Workforce Development. A transition plan is being worked through at this time until the end of FY2014. The Office of Workforce Development Management staff has requested that financial staffing will be granted immediately and training on the procedures for the Financial Administrative Office (141 Pryor Street) to ensure the grant is successful going forward.

Finding 3 – Untimely processing of vendor invoices

Many of the WIA programs offer incentives to customers for their successful completion of an applicable WIA program. Stipends are the most commonly used monetary incentive. In order for OWD to submit a payment request to HHSF for a stipend, eligible customers must register with the County as a vendor. On July 28th, we were notified that more than 60 eligible customers had not received their stipend. In June, the OWD submitted invoices to HHSF requesting payments for the eligible customers. To date, not all of the invoices submitted had been processed. The untimeliness of these payments resulted in such a negative experience for customers that they began contacting County Commissioners to inquire about the status of their stipends.

OIA Recommendations:

We recommend that OWD and HHSF establish agreed upon procedures regarding the processing and issuance of vendor payments. The procedures should include a reasonable expected turn-around time for the vendor payments that each process customer would substantiate with a time stamp which includes the course of action if those goals are not met. Each entity (OWD and HHSF) should be held fully accountable by the HHS director and HHSF management for its performance or lack thereof.

Response:

. The Department agrees with this finding and recommendation. Under a past reorganization plan by a former County Manager all fiscal responsibilities for this Division was given to the Administrative Support Department for the Housing and Human Services Department.

Corrective Action Plan:

With the separation of the Housing and Human Services Department the financial reporting structure will be changing in FY2015. This organizational change will allow for the Division to be in control of processing all payments in a timely manner. OWD management will make every effort to meet with 141 Finance Team to examine the strength and weaknesses of the process that will be established moving forward on this item. We will establish an agreed upon procedure regarding the processing and issuance of vendor payments.

Finding 4 – Inadequate staffing

Best practices recommend adequate staffing for the effective administration of grant programs. The WIA grant awards include administrative funding for staff positions that are currently vacant or nonexistent within OWD. The positions, even though fully funded under the grants, are unfilled due to a hiring freeze sanctioned by the County Manager. In order to comply with GWD's grant obligation requirements as mandated, some of these unused administrative funds were used to pay other allowable expenditures. Consequently, OWD's limited staff was tasked with meeting additional programmatic obligations to ensure these funds were spent before the grant expired. The inability to supplement OWD's staffing levels adversely impacted the already diminished morale of an understaffed OWD by increasing the OWD employees' workload which also included the task of handling the increase of the number of customers served.

We recommend that the County give special consideration to grant funded positions that would allow the grantee to effectively meet its financial and programmatic obligations.

OIA Recommendations:

We recommend that the County give special consideration to grant funded positions that would allow the grantee to effectively meet its financial and programmatic obligations.

Response:

The Department has worked through the FY2014 to move all positions within this Division to be grant funded. This included the closure of 3 Workforce Center due to budget reductions. The process as to how employees would be transferred from General Funded positions to Grant Funded positions had to be worked thru to ensure that current employee with the experience to manage the programs was completed at the direction of the County Manager.

Corrective Action Plan:

The HCD management will share this recommendation with the County Manager office so that the grant funded positions are given special consideration to hire to ensure the operations of the grant is carried out expeditiously and effectively.

