

Office of Inspector General

**U.S. Department of Labor
National Audit and Evaluations Office**

**Florida Department of Education
Tampa, Florida
* * ***

**AUDIT REPORT ON
U.S. DEPARTMENT OF LABOR GRANT
NUMBER AC-10749-00-55**

Performance Audit for Program Year 2000
July 1, 2000 through June 30, 2001

Report Number: 21-03-011-03-365

Date Issued: May 6, 2003

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ABBREVIATIONS AND ACRONYMS

ALPI	-	Agricultural and Labor Program, Inc.
CFR	-	Code of Federal Regulations
DOL	-	U.S. Department of Labor
DSFP	-	Division of Seasonal Farmworkers Program
ETA	-	Employment and Training Administration
FSR	-	Financial Status Report
FDE	-	Florida Department of Education
NFJP	-	National Farmworker Jobs Program
OMB	-	Office of Management and Budget
OIG	-	Office of Inspector General
WIA	-	Workforce Investment Act

EXECUTIVE SUMMARY

The U.S. Department of Labor (DOL), Office of Inspector General (OIG), performed an audit of the Workforce Investment Act's Migrant and Seasonal Farmworker Program to determine whether the program was operating in accordance with applicable regulations, and providing the Department with a return on its investment. DOL provided 53 grants to states and nonprofit organizations to operate the program within 48 states and Puerto Rico. We selected a statistical sample of nine grantees and tested (1) the direct and indirect costs claimed for reimbursement by these grantees to determine if they were reasonable, allowable and allocable in accordance with OMB Circular A-122 or OMB Circular A-87, as applicable, and grant guidelines; and (2) the data reported on the Program Status Report to determine if it was accurate and supportable. The program was audited for Program Year 2000 (July 1, 2000, through June 30, 2001).

This report presents the results of our audit of the Florida Department of Education (FDE) under DOL Grant Number AC-10749-00-55. Under the authority of the Workforce Investment Act of 1998 (WIA), DOL's Employment and Training Administration (ETA) awarded FDE a grant of \$4,597,638 to provide training and services to eligible migrant and seasonal farmworkers in the State of Florida to strengthen their ability to achieve economic self-sufficiency.

FDE established offices in 17 of the 24 counties in Florida that provide training and other assistance to the migrant and seasonal farmworkers. A number of the counties and school districts with whom FDE shared space provided FDE staff with space and other amenities at no cost to the WIA program. During the year, FDE placed 485 participants in unsubsidized jobs, and provided 1,023 participants with training, 132 participants with work experience, and 1,448 participants with supportive services.

Finding

We reviewed 95 participant files to examine eligibility, costs and types of services provided, and performance outcomes reported. Fifty of these participant files were at one project office, which was responsible for providing related assistance to all participants throughout the State. We found that seven participant files did not contain sufficient information to enable us to determine whether the participants were eligible for the related assistance received. These seven participants were from the service center that was responsible for providing all the related assistance payments. We recommend that ETA recover the \$713 paid to these participants, and require FDE to institute a system that requires appropriate documentation be obtained from all participants before any release of funds.

INTRODUCTION AND BACKGROUND

The Division of Seasonal Farmworker Programs (DSFP) within ETA is responsible for administering the National Farmworker Jobs Program (NFJP). The intent of NFJP, under section 167 of the Workforce Investment Act, is to strengthen the ability of eligible migrant and seasonal farmworkers and their families to achieve economic self-sufficiency through job training and other related services that address their employment related needs. Assistance from the NFJP is accessed through the NFJP grantee partners and local One-Stop Centers.

The Florida Department of Education (FDE) operates the NFJP for the State of Florida, providing WIA Title I, section 167 services in counties that contain a significant number of farmworkers. To accomplish this, FDE has developed a service delivery network that consists of 16 project sites that offer employment and training services in 24 counties. An additional project site, ALPI (a nonprofit corporation) located in Orange County, is responsible for making all of the related assistance payments for the program. Applicants who apply for related assistance at the other sites are referred to ALPI for this service.

Additionally, FDE provides a statewide network of emergency assistance through an extensive system of volunteers and private vendors. The end result is that there is a WIA Title I Section 167 Program site or counselor within a 30-mile radius of most farmworkers in the service area. The program is coordinated by the central office located in Tampa, financial records and documentation is maintained by each project site, and the official financial records are maintained by the State. FDE was awarded \$4.5 million to operate this program.

FDE shares the administrative costs provided for in WIA Title I Section 167 with its 17 project sites that include community colleges, school districts, boards of county commissioners, and nonprofit agencies, all with their own unique and separate financial requirements. In addition, a number of the counties and school districts absorbed costs of the program that were not provided for in their WIA budget, and provided space and other amenities at no cost to the WIA program.

FDE provides the participants with core services that include outreach, admission and orientation of farmworkers, as well as emergency assistance needed by farmworkers to sustain their participation in the agricultural workforce. It also provides intensive services that include in-depth assessments of aptitudes and abilities and the development of an Individual Employment Plan based upon these assessments. Training services are usually in the context of a classroom environment and are provided by institutions that contract with FDE on a per-participant basis according to the objectives of the participant's Individual Employment Plan. Projects operated by FDE pay for the participants' tuition and books, and provide the participants with a weekly stipend. FDE also contracts with employers to provide the participants with on-the-job training. Projects operated by FDE are responsible for reimbursing the employers for 50 percent of the participants' costs.

OBJECTIVES, SCOPE AND METHODOLOGY

The primary objectives of our audit were to determine whether the costs claimed by FDE for the period July 1, 2000 through June 30, 2001, under the DOL grant were reasonable, allowable, and allocable under the cost principles set forth in OMB Circular A-87 and grant guidelines, and to determine if performance reported was accurate and properly supported.

Our audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our audit included such tests of the accounting records and other accounting procedures as we considered necessary in the circumstances.

Our audit was performed using the criteria we considered relevant. These criteria included: OMB Circulars A-102, Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments, and A-87, Cost Principles for State, Local and Indian Tribal Governments; the Workforce Investment Act of 1998 (WIA); 20 CFR Part 669 National Farmworker Jobs Program under Title 1 of the WIA; and 29 CFR Parts 95 and 96, Administrative Requirements and Audits of Federally Funded Grants, Contracts, and Agreements.

Management Controls

To meet our objectives, we reviewed management controls over relevant transaction cycles. Our work on established management controls included obtaining and reviewing policies and procedures manuals, interviewing key personnel, and reviewing selected transactions to observe the controls in place. Our testing related to management controls focused only on the controls related to our audit objectives to review reported cost and performance data and was not intended to form an opinion on the adequacy of management controls. Therefore, we do not render such an opinion. Weaknesses noted in our testing are discussed in the **Findings** section of this report.

Compliance with Laws and Regulations

In order to determine compliance with the above-mentioned laws and regulations, we performed detailed tests of transactions and tested a sample of participants who were enrolled in the program during our audit period. Our detailed tests of transactions included both analytical review and substantive tests of accounts. Our testing related to compliance with laws and regulations was focused only on the laws and regulations relevant to our audit objectives of reviewing the reported cost and performance data and was not intended to form an opinion on the compliance with laws and regulations as a whole, and we do not render such an opinion. Instances of noncompliance are discussed in the **Findings** section of this report.

We selected a statistical sample of the participants served by Florida, and tested participant eligibility and outcomes, where appropriate. We reviewed a sample of 95 participant files. Our

sample technique was a random selection; therefore, all participants had an equal chance of being selected. For each participant file, we reviewed the eligibility determination, reviewed the types of services provided and the cost of those services, and analyzed the program outcome for those exiting the program.

In addition, we randomly selected 10 of the 16 offices that provided the migrant and seasonal farmworkers with services and support in order to review the financial data. The selection was based on the amount of funding each office received and the area serviced. For each office visited, we selected one month to test all expenses, with the option of expanding to other months if discrepancies were noted. Our decision was based on the majority of costs in three categories: salaries, fringe benefits and allowances. Expanded testing was not necessary.

The table below shows the types of services provided to participants during the year and the number of participants who received these services.

Types of Services Provided	Number of Participants
Support Services	1,448
Training	1,023
Placements	485
Work Experience	132

Note: Total number of participants in this graph exceeds the number of participants served because participants were in more than one training program. This data was extracted from the Program Status Summary report.

In Program Year 2000, FDE served 2,948 participants. The largest group receiving services was migrant farmworkers who received supportive services¹/ emergency assistance², such as vouchers for food, transportation assistance, clothing, rent, electricity, uniforms, and tools. The next largest were participants provided classroom training, on-the-job training and vocational education³. In addition, FDE provided some participants with work experience training and job placement.

¹ Services such as transportation, childcare, dependent care, housing and needs related payments that are necessary to enable an individual to participate in the program.

² Assistance that addresses immediate needs of farmworkers and their families.

³ Organized educational programs offering sequences of courses directly related to preparing individuals for paid or unpaid employment.

The costs claimed and performance reported by FDE is presented in the Schedules of Costs Claimed and Performance Reported included in this report as Schedules A and B, respectively. These schedules are based on the information reported to ETA in the Financial Status Report and Program Status Summary.

Entrance and Exit Conferences

We held an entrance conference with FDE officials on February 4, 2002, to discuss the purpose, scope and timing of the audit work to be performed. Our fieldwork was performed at FDE's office in Tampa, Florida, during the period February 4 through March 15, 2002. We held an exit conference with FDE officials on March 15, 2002, to discuss our findings and obtain their comments.

FINDINGS AND RECOMMENDATIONS

1. Participant Files Were Incomplete at One Project Office

During Program Year 2000, FDE provided training and services to over 2,900 participants. To determine how effective FDE's management controls over selecting eligible participants were, we selected a statistical sample of 95 participants. Fifty of the participants selected were from one site, Agricultural and Labor Program, Inc. (ALPI), a nonprofit organization that contracted to provide emergency assistance payments to the migrant and seasonal farmworkers. This assistance consisted of money for food, clothing, rent, utilities, and transportation. ALPI provided services to almost one-half of the participants served.

ALPI differed from the other sites in that those sites provided the participants with training and employment services, while ALPI was limited to providing related assistance. All of these sites were responsible for enrolling participants. Our review of the participant files disclosed that 7 of the 95 participant files selected in our sample (7 percent) lacked sufficient documentation to allow us to determine whether the participants were eligible for the program. All seven were enrolled by ALPI.

The Attachment to NFJP Bulletin No. 00-02, effective July 1, 2000, states that: "As part of their system of internal controls, grantees are expected to obtain source documentation that verifies the information provided by applicants covering such key eligibility elements as age, work history and earnings from agriculture labor, family size and income, work authorization, and compliance with Selective Service requirements."

In addition, paragraph 669.360(b) states that: "In providing emergency assistance, the MSFW may use an abbreviated eligibility determination process that accepts the applicant's self-attestation as final evidence of eligibility, except that self attestation may not be used to establish the requirements of legal working status in the United States, and Selective Service registration, where applicable."

To ensure that participants were eligible, we reviewed the files for the following documentation: (1) state issued identification card, (2) government issued identification, (3) social security card, (4) birth certificate, (5) INS card, (6) W-2 form, and (7) a verification letter from the last employer, or a statement from someone that worked with the individual during the period the participant claimed to have worked, or a statement from someone who observed the participant performing migrant or seasonal farmwork.

Of the 50 participant files reviewed at ALPI, 13 contained the documentation described, and were qualified at the ALPI office. Thirty participant files contained a staff verification sheet where the staff attested to the fact that they saw the required documentation, and checked off those documents the participant presented. We accepted this document as a substitute for copies of the required documentation, and for the participant's self-verification, but informed ALPI that in the future we would expect to see the actual documentation.

Seven participant files did not have any documentation. We were told by the ALPI Director that many of the participants were qualified in the field and there was no way to copy the documents. Therefore, the staff reviewed the information the applicant presented and qualified them for the services. For those instances where participants were qualified at the one-stop centers, we were told that the staff was not aware they could use the one-stop's photocopying equipment.

For the remaining 45 participant files in our sample, which included participants serviced at the other sites, we found supporting documentation, and determined those participants were eligible.

ALPI provided supportive services/emergency assistance to 1,448 participants during the year. The seven participants whose files lacked documentation received vouchers totaling \$713 for such things as water, rent, food and electricity, which we question.

ALPI needs to strengthen its internal controls over participant selection by developing and implementing a policy that prohibits the payment of funds to any participant until documents in the participant's file support the eligibility.

RECOMMENDATIONS:

We recommend that the Assistant Secretary for ETA:

1. Ensure that FDE develops policies and procedures for documenting emergency assistance payments, and follows up to ensure the office responsible for these payments properly documents participants eligibility before providing the vouchers.
2. Recover the \$713 in questioned costs.

AUDITEE'S RESPONSE:

As a result of the recommendations made by the audit and evaluation team during its visit, the Florida Department of Education immediately required the Agricultural Labor Program, Inc., to obtain and retain copies of support documentation for all recipients of Emergency Assistance, specifically in regards to (1) state issued identification card, (2) government issued identification, (3) social security card, (4) birth certificate, (5) INS card, (6) W-2 form, and (7) a

verification letter from the last employer, or a statement from someone that worked with the individual during the period the participant claimed to have worked, or a statement from someone who observed the participant performing migrant or seasonal work.

In most cases, emergency assistance is delivered by a small staff of experienced individuals, who go to those counties where the need for this type of service has been identified. Since services are provided in the field, staff is given temporary space by faith based organizations, Title I, Migrant Education Programs, family literacy centers, health clinics, but rarely in the One-Stop Centers, as these are not open in the evenings or weekends when farmworkers are able to take time off from work. As most of these organizations have limited resources, staff was not able to obtain copies of support documentation for the seven cases identified in the report.

In order to eliminate this problem, ALPI was instructed to: (1) set up an account in order to compensate these organizations for the use of their equipment, (2) staff primarily responsible for delivering services in the field will be provided digital cameras by ALPI so that they can photocopy support documentation that can be electronically saved as well as printed in hard form.

OIG'S CONCLUSION:

We consider Recommendation No.1 **closed** based on the policies and procedures that FDE provided on March 31, 2003. To achieve resolution for Recommendation No. 2, the Assistant Secretary for ETA should recover the \$713 in questioned costs.

2. Performance Data Reviewed Was Accurate And Properly Supported

We reviewed the data reported by FDE on the Program Status Summary to determine whether this information was accurate and properly supported. We were able to verify the overall totals reported when we compared the information to the databases FDE maintained. A summary of this data can be found on Schedule B - Schedule of Performance Reported.

Our testing of this data included a review of the underlying support for the Program Status Summary, as a whole, and the reported program information for the selected sample participants. The results of our review agreed with the reported outcomes for those participants in the program.

FLORIDA DEPARTMENT OF EDUCATION
SCHEDULE OF COSTS REPORTED
FOR THE PERIOD OF JULY 1, 2000 THROUGH JUNE 30, 2001

<u>Financial Status Report</u>	<u>Reported</u>
Administration	\$480,222 ⁴
Program	<u>4,117,416⁵</u>
Total Costs	<u>\$4,597,638⁶</u>

⁴ Costs of performing overall general administrative functions, both personnel and non-personnel, and direct and indirect.

⁵ Costs of related assistance services such as emergency assistance, workplace safety, housing development, and other supportive services. Other costs not defined as administrative.

⁶ Costs incurred up to the amount of the budget DOL provided to FDE for the Migrant and Farmworker Program.

FLORIDA DEPARTMENT OF EDUCATION
SCHEDULE OF COSTS REPORTED
FOR THE PERIOD OF JULY 1, 2000 THROUGH JUNE 30, 2001

<u>Expenditure Report</u>	<u>Recorded</u>	<u>Reported</u>
<u>A. Administration</u>		
Salaries	\$194,243	
Fringe Benefits	52,192	
Indirect Costs	156,717	
Other Administration Costs	<u>66,456</u>	
Total Administration	<u>\$469,608</u>	<u>\$480,222</u>
 <u>B. Program</u>		
1. Salaries	\$1,911,585	
2. Fringe Benefits	503,367	
3. Travel	109,243	
4. Allowances	803,848	
5. Tuition	117,996	
6. Supportive Services	166,949	
7. Work Experience	103,923	
8. On-the-Job Training	8,173	
9. Classroom Training	50,832	
10. Voc. Ed. Tuition	62,436	
11. Training Related Assistance	25,036	
12. Other Program Costs	311,977	
Total Program Costs	<u>4,175,365</u>	<u>4,117,416</u>
 Total Costs	 <u>*\$4,644,973</u>	 <u>\$4,597,638</u>

*ETA extended the Program Year through December for the Migrant Seasonal Farmworker Program. This additional extension included funding of \$47,335.

FLORIDA DEPARTMENT OF EDUCATION
SCHEDULE OF PERFORMANCE REPORTED
FOR THE PERIOD OF JULY 1, 2000 THROUGH JUNE 30, 2001

<u>Category</u>	<u>Planned</u>	<u>Reported</u>
Participation and Termination Summary		
Total Participants	2676	2948
Total Terminations	2083	2298
Entered Unsubsidized Employment	502	485
Related Assistance	-	1448
All Other Terminations	1581	365
Total Current Participants (End of Period)	593	650
Participation in Program Activities		
Classroom Training		1007
On-The-Job Training		16
Work Experience		132
Training Assistance		912

FLORIDA DEPARTMENT OF EDUCATION
SCHEDULE OF TERMINOLOGY
FOR THE PERIOD OF JULY 1, 2000 THROUGH JUNE 30, 2001

Terminology

Participants	Disadvantaged migrant and seasonal farmworkers and their dependents.
Total Participants	Includes all participants that were provided any services during the program year. Includes participants carried over, new participants, and those exiting during the program year.
Total Terminations	Includes all participants who exited the program during the year.
Entered Unsubsidized Employment	Includes all participants placed in a non-federally subsidized job.
Related Assistance	Participants receiving assistance consisting of at least one of the following: emergency assistance, workplace safety and farmworker pesticide safety instruction, housing development assistance, other supportive services or structured English language and basic education classes.
Classroom Training	Structured training in a classroom setting.
On-the-Job-Training	Training by an employer that is provided to a paid participant while engaged in productive work in a job.
Work Experience	A planned, structured learning experience that takes place in a workplace for a limited period of time.

FLORIDA DEPARTMENT OF EDUCATION
SCHEDULE OF TERMINOLOGY
FOR THE PERIOD OF JULY 1, 2000 THROUGH JUNE 30, 2001

Training Assistance	Training related supportive services and other activities identified in the approved grant plan.
Direct Placement	Participants referred directly to a job with no training services provided. (Detail not required to be reported under WIA).
Indirect Placement	Participants placed in a job after training or enhancement services. (Detail not required to be reported under WIA).

FLORIDA DEPARTMENT OF EDUCATION



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March 18, 2003

Deborah L. Outten-Mills, Director
National Audit and Evaluations Office
U.S. Department of Labor
200 Constitution Ave., N.W., Room N-5620
Washington, DC 20210

Reference: Florida Department of Education Migrant and Seasonal Farmworker Program
Report No. 21-03-011-03-365.

Dear Ms. Outten-Mills:

We thank you for the opportunity to review the draft report and to submit our responses to the one finding and the recommendations. We also wish to commend the members of your audit and evaluation team, Mr. Edwin Terrel, Ms. Renee Harrison, and Ms. Tinuke Oladimeji, for the thoroughness and professional manner in which they carried out their task.

Before responding to the one finding and the team's recommendations, we would like to offer the following changes to the narrative for your consideration:

Page 1 - Executive Summary. Paragraph 4 - under Finding. Sentence 2 - "Fifty of these participants files were at one service center, ..." Suggest substituting service center with project office to be consistent with other parts of the narrative.

Page 2- Introduction and Background. Paragraph 5 - "FDE pays for the participant's tuition and books, and provides . . . for 50 percent of the participant's costs." Suggest substituting FDE with projects operated by the FDE pay for the participant's tuition and books, and . . . provide . . . for 50% of the participant's costs."

CARLOS R. SAAVEDRA
ADULT MIGRANT PROGRAM AND SERVICES

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Page 4 - Objectives, Scope and Methodology. Paragraph 3 - "The largest group of those receiving services were migrant farmworkers who received supportive services / emergency assistance, such as vouchers for food, transportation assistance, clothing, rent, electricity, uniforms, tools and hotel room stay." Recommend deleting hotel room stay. Rental assistance is limited to those farmworkers who received a notice of eviction from their landlord and also limited to a one-time payment.

Page 6 - Findings and Recommendation. 1. Participant Files Were Incomplete At One Service Center. Suggest substituting Service Center with Project Office to be consistent with other parts of the narrative.

Findings

Page 7 - Paragraph 1 - "Of the 50 participant files reviewed at ALPI (The Agricultural Labor Program, Inc.), 13 contained the documentation described, and were qualified at the ALPI office. Thirty participant files contained a staff verification sheet where the staff attested to the fact that they saw the required documentation, and checked off those documents the participant presented. We accepted this document as a substitute for copies of the required documentation, and for the participant's self-verification, but informed ALPI that in the future we would expect to see the actual documentation."

Page 7 - Paragraph 2 - "Seven participant files did not have any documentation. We asked the ALPI director why the documentation had not been obtained. We were told that many of the participants were qualified in the field and there was no way to copy the documents. Therefore, the staff reviewed the information the applicant presented and qualified them for the services. For those instances where participants were qualified at the one-stop centers, we were told that the staff were not aware they could use the one-stop's photocopying equipment."

Recommendations

Page 7 - Paragraph 5 - "ALPI needs to strengthen its internal controls over participant selection by developing and implementing a policy that prohibits the payment of funds to any participant until documents in the participant's file support the eligibility."

Response

As a result of the recommendations made by the audit and evaluation team during its visit, the Florida Department of Education immediately required the Agricultural Labor Program, Inc. to obtain and retain copies of support documentation for all recipients of Emergency Assistance, specifically in regards to (1) state issued identification card, (2) government issued identification, (3) social security card, (4) birth certificate, (5) INS card, (6) W-2 form, and (7) a verification letter from the last employer, or a statement from someone that worked with the individual during the period the client claimed to have worked, or a statement from someone who observed the client performing migrant or seasonal farm work.

In most cases, emergency assistance is delivered by a small staff of experienced individuals who go to those counties where the need for this type of service has been identified. Since services are provided in the field, staff are given temporary space by faith based organizations, Title I, Migrant Education Programs, family literacy centers, health clinics, but rarely in the One-Stop Centers, as these are not open in the evenings or weekends when farmworkers are able to take time off from work. As most of these organizations have limited resources, staff were not able to obtain copies of support documentation for the seven (7) cases identified in the report.

In order to eliminate this problem, ALPI was instructed to: (1) set up an account in order to compensate these organizations for the use of their equipment. (2) staff primarily responsible for delivering services in the field will be provided digital cameras by ALPI so that they can photocopy support documentation that can be electronically saved as well as printed in hard form.

Should you have any questions about our response or need additional information, please do not hesitate to contact me directly.

Sincerely,



Carlos R. Saavedra
Senior Educational Policy Director
Adult Migrant Program and Services