

Audit Report

# Workforce Development Audit

November 2017



The City of Austin has not historically planned and coordinated its workforce development programs effectively and does not have sufficient and reliable data to evaluate the success of these programs. Specifically, the City has lacked a comprehensive workforce development plan, and contracts are not centrally managed. Additionally, City and contract performance measures relating to workforce development are not consistent or effective, and the City does not have reliable data relating to contractor performance. As a result, it is difficult to determine both the effectiveness of City-funded workforce development programs and the value the City received in exchange for its investment in workforce development programs. Finally, while it appears that workforce development programs benefited some participants at the individual level, it does not appear that the City prioritized contracted services to meet its own target industries or the needs of Austin area employers.

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Cover: Adult education class, U.S. Department of Agriculture.

## Objective

The objective of this audit was to determine if City workforce development contracting efforts are effective at achieving outcomes and preparing employees for jobs that match the needs of the Austin job market.

## Background

When the City adopted the Imagine Austin Comprehensive Plan, it established a vision for a prosperous and affordable community with pathways to economic opportunity for all Austin residents. Imagine Austin includes a priority program to grow Austin's economy by investing in its workforce and local businesses.

### Workforce Development Programs

The City of Austin provides workforce development programs to assist community members with literacy, adult basic education, job readiness, and occupational training. Workforce development programs are provided both directly by the City and through contracted entities. These programs may also provide additional services to participants such as job placement services, childcare, and transportation. Most of the City's workforce development programs require residency in either the City of Austin or Travis County, and a gross household income at or below 200% of federal poverty income guidelines.<sup>1</sup>

Workforce development programs, and more specifically occupational training, can vary from a food handling course that takes just a few hours to complete to a multi-year course in which the participant earns an associate's degree. Examples of jobs or certifications that people may attain include: certified nurse aide (CNA); heating, ventilation, and air conditioning (HVAC) technician; and various information technology-related credentials. In some cases, classes offered, such as nursing pre-requisites, are preparatory for other programs. Overall, workforce development activities can be viewed on a continuum that starts at providing basic educational services, such as literacy and English as a second language classes, to providing post-secondary education up to the associate degree level.

A city's unemployment is often represented in the form of its official unemployment rate. The seasonally adjusted unemployment rate in the

<sup>1</sup> The U.S. Department of Health and Human Services publishes geographically specific guidelines annually. In 2016, 200% of poverty guidelines equated to \$1,980 per month for a single individual or \$4,050 per month for a household of four.

Austin area<sup>2</sup> was 3.4% as of May 2017, the lowest amongst large Texas cities, and lower than the Texas statewide rate of 4.8%. While this may be considered a low unemployment rate, it may not reflect conditions for discouraged workers or hard-to-employ populations, such as homeless individuals or the formerly incarcerated, for whom workforce development programs may be particularly beneficial.

### City Workforce Development Contracts

The City's largest workforce development contracts are currently managed by Austin Public Health (APH) and the Economic Development Department (EDD). During the 2014 Request for Applications (RFA) for Workforce Development Contracts, EDD and APH established areas of focus. As shown in Exhibit 1, APH contracts focused on basic education courses and short-term training programs and EDD contracts focused on short-term and multi-semester training programs.

Exhibit 1: Workforce Development Training Continuum

## Workforce Development Training Continuum



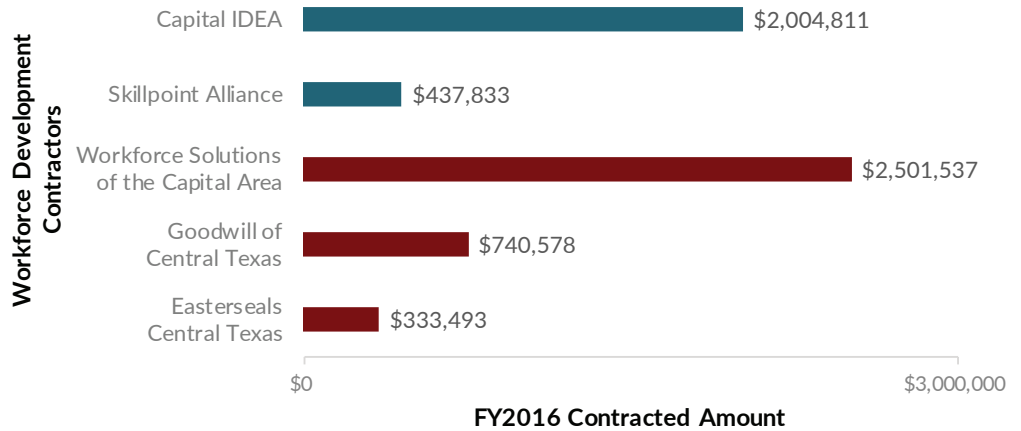
SOURCE: OCA Analysis, October 2017

Most contracts for these two departments cover a period from 2015 to 2018 with options to extend for an additional three years.<sup>3</sup> As depicted in Exhibit 2, in this audit we reviewed nine contracts with five workforce development providers that totaled approximately \$6 million in fiscal year 2016 (FY16).

<sup>2</sup> The Austin area consists of the Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA) for this audit.

<sup>3</sup> All reviewed contracts with these third parties have since been amended.

## Exhibit 2: Summary of FY16 Workforce Development Contracts Reviewed



SOURCE: OCA analysis of FY16 contract funding provided by the City Budget Office, March 2017

### Regional Workforce Development

In addition to the City of Austin's workforce development efforts, Travis County funded approximately \$2.5 million in contracts in FY16 with many of the same social service providers. The State of Texas also distributes federal funding and coordinates direct service delivery through local area workforce boards. In central Texas, this quasi-governmental agency is known as Workforce Solutions of the Capital Area (Workforce Solutions). This organization also analyzes and publishes a list of targeted industries and occupations that are in-demand, experiencing growth, and provide opportunities for higher wages.

In June 2017, Workforce Solutions released a master community workforce plan<sup>4</sup> that "lays out a common agenda and establishes a framework for collaboration to coordinate the efforts of the region's workforce development organizations and educational institutions." This plan sets a community-wide objective of helping 10,000 economically disadvantaged individuals secure middle-skill jobs by 2021. It also focuses on preparing individuals for occupations in three key industries: health care, information technology, and skilled trades.

<sup>4</sup> As of October 2017, this document was not approved by the Workforce Solutions board of directors, the Austin City Council, or the Travis County Commissioners' Court.

## What We Found

### Summary

The City of Austin has not historically planned and coordinated its workforce development programs effectively and does not have sufficient and reliable data to evaluate the success of these programs. Specifically, the City has lacked a comprehensive workforce development plan, and contracts are not centrally managed. Additionally, City and contract performance measures relating to workforce development are not consistent or effective, and the City does not have reliable data relating to contractor performance. As a result, it is difficult to determine both the effectiveness of City-funded workforce development programs and the value the City received in exchange for its investment in workforce development programs. Finally, while it appears that workforce development programs benefited some participants at the individual level, it does not appear that the City prioritized contracted services to meet its own targets or the needs of Austin area employers.

**Exhibit 3: Key Components of the City's Workforce Development Program Cycle with Associated Audit Findings**



SOURCE: OCA analysis of the City's workforce development activities, October 2017

## Finding 1

The City lacks a comprehensive workforce development plan and contracts are not centrally managed. Additionally, performance measures relating to workforce development are not consistent or effective.

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Recently, Workforce Solutions developed a regional workforce plan in coordination with stakeholders from the City, County, Community College, and service providers. This plan seeks to “make living in Austin more affordable by improving economically disadvantaged residents’ access to better economic opportunities”. It sets forth a goal of helping 10,000 low-income residents secure middle-skill jobs by 2021.

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The City lacks a comprehensive workforce development plan and has not established Citywide priorities to guide workforce development contracts. In the absence of such a plan, it appears contracts with third parties were developed based on what the third parties offered to provide rather than City goals or established community needs. Additionally, contracts did not consistently prioritize the unemployed or hard-to-employ despite those target populations being identified in at least one RFA solicitation. Though contracting records indicate target populations were prioritized in RFA solicitations, these priorities were not detailed in the contract agreements signed with service providers. Specifically, all but one contract required participants to be at or below 200% of federal poverty income guidelines to be eligible for services, but none of the five contractors reviewed in this audit prioritized the unemployed over the underemployed,<sup>5</sup> and contractors did not track service to individuals in hard-to-employ populations.

Even if not required by contract, an analysis of sample participants indicated that four of the five contractors reviewed appear to routinely serve homeless individuals through their workforce development programs. However, only one contractor has access to the Homeless Management Information System (HMIS) used to coordinate services for the homeless community. Lastly, contractors are largely reimbursed for expenses rather than outcomes achieved.<sup>6</sup>

Without established goals and strategies on what the City aims to achieve with its workforce development investments, virtually any outcome could be seen as a success. Further, it is difficult to determine if services are duplicated or there are gaps in addressing community needs relating to workforce development if contracting decisions are not driven by City goals and expectations. A comprehensive workforce development plan with established priorities and measurable goals, along with information on whether the City is meeting those goals, would help inform decision-makers on which workforce development initiatives to fund going forward. Ultimately, this would help ensure City-funded programs meet the greatest needs, among eligible low-income individuals as well as Austin employers.

**Management of workforce development contracts is decentralized, and departments do not coordinate their contract monitoring.** There are at least eight City departments<sup>7</sup> that manage adult workforce development contracts. While Imagine Austin calls for a lead department, we could not find evidence that a lead was designated. Workforce development contracts could have been better coordinated and monitored if a lead or “champion” department had been named.

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<sup>5</sup> Underemployed is defined as the condition in which people in a labor force are employed less than full-time or at jobs inadequate with respect to their training or economic needs.

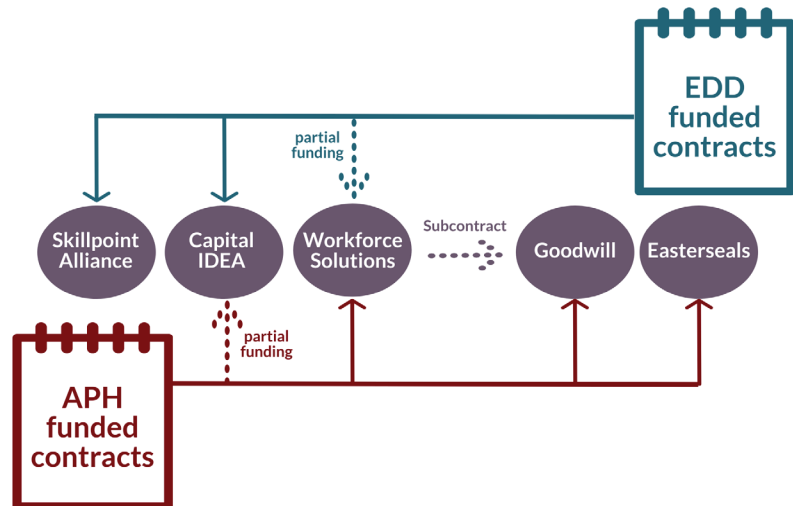
<sup>6</sup> A small portion of one workforce development contractor’s funding, Federal Medicaid funding for Capital IDEA, is paid to the contractor based on outcomes achieved.

<sup>7</sup> Economic Development Department, Austin Public Health, Austin Public Library, Human Resources, Telecommunications and Regulatory Affairs, Neighborhood Housing and Community Development, Downtown Austin Community Court, and Austin Convention Center.

The 2012 Imagine Austin Comprehensive Plan aims to “continue to grow Austin’s economy by investing in our workforce, educations systems, entrepreneurs, and local business,” and calls for the identification of a lead department for workforce development.

Responsibilities for managing some contracts have moved from one department to another, and department staff indicate that this has sometimes been in response to City Council or Council Committee direction. Currently, monitoring responsibilities overlap for some contracts, and there is limited internal coordination among the various departments involved with workforce development. For example, one contractor we reviewed receives funding from both EDD and APH, and then subcontracts workforce development services to a different contractor who also has a separate contract directly with APH. This convoluted arrangement is depicted in Exhibit 4. In another example, a contractor was funded by both EDD and APH during FY16. In this case, APH was responsible for monitoring a small portion of federal Medicaid funding, while EDD was responsible for managing the three remaining contracts with this contractor. However, interviews with staff indicate that the two departments do not coordinate their oversight of this contractor.

**Exhibit 4: Economic Development Department and Austin Public Health Contract Management Responsibilities**



SOURCE: OCA analysis of the City’s workforce development activities, October 2017

**City workforce development performance measures are not consistent or effective.** City performance measures relating to workforce development differ between EDD and APH and may not be an effective means of measuring program success. See Exhibit 5 for a depiction of FY16 performance measures for EDD and APH. As shown, EDD’s sole workforce development performance measure during the period reviewed was cost per client trained. This measure focuses on those who have undergone a short-term development program (e.g. an eight-week heating, ventilation, and air conditioning training). While cost per client trained may be an important measure, this measure alone does not act as a useful tool in evaluating workforce development performance. Furthermore, since this performance measure is limited only to EDD’s short-term programs,<sup>8</sup>

The Government Finance Officers Association (GFOA) Guidance on Budget Practices recommends performance measures that are consistent with adopted plans and should measure how well the program achieves its goals.

<sup>8</sup> Workforce Solutions also provides short-term training but is not included in this performance measure as it is managed by APH.





it does not provide essential outcomes-based information across all workforce development services offered.

Austin Public Health's three workforce development performance measures are:

- number of individuals served,
- percent of individuals demonstrating improved life skills or knowledge, and
- percent of individuals who maintain or increase their income.

However, the first two measures do not effectively measure program impact, and they apply only to two contractors.<sup>9</sup> The last measure is an aggregate report on numerous sub-measures that include services like: tax return assistance, Affordable Care Act enrollment, and many other non-workforce development-related programs. In FY16, APH reported that 45% of participants maintained or increased their income, but City staff explained that this does not mean 55% of workforce development clients decreased their income. The aggregate nature of this measure and its inclusion of non-workforce development activities makes it an unreliable means of measuring the effectiveness of workforce development efforts.

**Exhibit 5: EDD and APH Fiscal Year 2016 Workforce Development Performance Measures**

EDD	APH
	 # of individuals served
Cost per client trained	 % of individuals demonstrating improved life skills or knowledge
	 % of individuals who maintain or increase their income

SOURCE: City of Austin Performance Measure Database, September 2017

Key performance indicators more suitable to measure workforce development may include:

- The number (and percent) of individuals who graduate from workforce development programs,
- The number (and percent) of individuals who become employed in a job related to their training following workforce development programs, and

<sup>9</sup> Excludes Easterseals (managed by Austin Public Health) and short-term contracts managed by other departments.

- The number (and percent) of individuals who increase their income following workforce development programs.

EDD management has recognized the need to improve their department and contract performance measures and indicated they have recently met with regional partners to identify common metrics for workforce development. These outcome measures include: average wage at entry and exit, training completion rate, and percent of individuals at or above a target wage following program completion.

Additionally, EDD and regional partners are exploring a shared data platform that will allow the City to better monitor workforce development metrics and outcomes.

Without clear, comprehensive, and reliable performance indicators, it is difficult to determine the value the City has received in exchange for its investment.

## Finding 2

The City does not have sufficient and reliable data to determine the effectiveness and efficiency of workforce development programs due to ineffective contract development and limited monitoring.

Best practices indicate that strategic decisions should be based on complete, reliable, and verifiable data.

**Generally, data maintained by workforce development contractors is incomplete and unreliable.** Workforce development contractors are required to track program information, such as the program participant's income, address, and employment following completion of a workforce development program. Based on a sample review of 150 workforce development participant files, contractors maintained appropriate documentation of address and income eligibility in the majority of cases reviewed. We saw evidence that contractors obtained and reviewed copies of pay stubs, utility bills, and driver's licenses to validate program eligibility.

However, other required information was often not tracked, or, if it was tracked, was unreliable. First, some key contract terms, such as "unduplicated clients served," are not well-defined or are treated differently by various contractors. For example, unduplicated clients served may include a person who only spent one day in a workforce development program, or it may include a person who spent four years in a program working towards an associate's degree. These clients are counted the same for performance reporting. In addition, contractors reviewed in this audit had different definitions of whom to include in reporting unduplicated clients served, with some saying a client should be counted immediately after signing up for a program, and others saying a client must attend three days of training to be counted in this figure.

In fact, the "unduplicated clients served" measure proved difficult to determine, despite being a comparatively easier metric to understand. Several factors limited our ability to determine the exact number of clients served, including:

- Numbers reported for this audit that did not match numbers previously reported to the City,
- Contractors repeatedly modifying client numbers during the audit, and
- Contractors excluding some participants who appeared to receive workforce development services.

Participants can receive multiple workforce development services from the same service provider or even from various providers, and those services should be counted separately in reporting “unduplicated clients served”. However, for reasons noted above, we could not reliably determine whether contractors reviewed in this audit accurately reported service delivery to the City.

Second, contractors appeared to report results from other funding sources in performance reports submitted to the City. For example, one contractor reported that some clients were served under an EDD workforce development contract and counted the same individuals as served under a different contract with APH. Other contractors did not reliably track participants and recorded both Austin and Travis County funding for the same candidates. Also, staff for one of the contractors noted that FY16 performance reports sent to the City may have included all participants they served, not just those in the Travis County area.

Third, information on the outcomes participants achieved following workforce development programs, like whether they got a job or obtained a wage increase, was incomplete. While contractors asserted that they try to gather this information after a program is completed, we noted that they did not consistently reach out to graduates following program completion.<sup>10</sup> Even if graduates were contacted after program completion, income outcomes (a critical measure in evaluating program success) often could not be evaluated. This is due, in part, to conflicting methods of obtaining income data before and after program completion. Specifically, contractors collected pre-program income as monthly household income and post-program income as a self-reported hourly wage (when they obtained this data). The difference in data collection methods makes it difficult to compare income before and after program completion. For example, one participant examined in this audit reported making about \$400 per month before entering a workforce development program. Following this program, the individual reported making \$10 per hour at an electronics store. However, we could not find information on how many hours this individual worked. If he worked more than 10 hours per week following the training, he likely experienced an increase in income. If he was employed for less than 10 hours per week, he likely did not experience an increase in income.

**Even if data relating to contract performance was reliable, it appears that some key outcomes were not achieved.** Based on the limited data available, graduation outcomes appear to be favorable, but employment and income outcomes do not appear to be favorable. In a sample review of 108 participant files, about 70% of people who entered a workforce development program completed the program. Among sampled graduates, however, documentation indicates that slightly fewer than half of the participants were employed after finishing the program. The recently

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<sup>10</sup> Not all contracts specified a period of time after program completion to survey graduates, but when included in contracts, required follow up ranged from one to six months.

released regional master plan calls for a 75% participant employment rate following workforce development program completion. Even when participants were employed, for the vast majority of sample files reviewed, we could not determine if the participant's employment related to the training they received. Furthermore, only 15% of the participants reviewed appeared to improve their income after completing workforce development training. While it is possible that positive outcomes were achieved by more individuals than was observable in the documentation reviewed, the incomplete data makes it difficult to draw conclusions about all program participants and the overall effectiveness of these programs.

The issues identified above may result from various factors. Specifically, we noted weaknesses in the City's contracting practices. For example, workforce development contracts do not define some key terms, such as the period individuals have to actively attend training before they can be counted as participants. Furthermore, site visits with contractors indicated that turnover, changes in databases, and the mixture of paper and electronic records may also be contributing factors to the incomplete and unreliable data observed. In addition, we noted several issues with the summary documents provided to the City and could not always verify the data supporting these summary reports.

**The performance measures in the workforce development contracts are not consistent or comprehensive.** Not all contracts have the same performance measures, making it difficult to assess performance across contractors. While all contracts reviewed in this audit have some measures relating to the number of unduplicated clients served and the graduation rate, contracts are inconsistent regarding other key measures of outputs or outcomes. Also, additional resources may be needed to consistently and comprehensively contact graduates and track their results after program completion.

Two of the nine contracts reviewed contain measures relating to participants "increasing employment income", at least five measure "obtaining" employment, and one contains a hybrid employment measure. At least three of the nine contracts contain a measure relating to post-program income, but five others do not. Five of the contracts require tracking of how long employment is retained following the workforce development program. Only one of the contracts clearly contains a measure to evaluate whether the workforce development program was effective at placing the participant into a living wage job.<sup>11</sup> As noted in Finding 1, City performance measures also cannot be relied upon to determine program success.

The use of consistent and comprehensive measures is critical to the City's ability to consistently measure and summarize workforce development contract performance. Without accurate and reliable performance information, the City cannot effectively assess workforce development programs. In addition, the City may make policy decisions to expand or

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<sup>11</sup> The City of Austin's living wage is \$13.50 per hour as of October 2016.

reduce the workforce development programs based on inaccurate or incomplete information. This may ultimately compromise the City's ability to offer the right programs to meet the needs of low-income individuals as well as Austin employers.

### Finding 3

While it appears that workforce development programs benefited some participants at the individual level, it does not appear that the City prioritized contracted services to meet its own targets or the needs of Austin area employers.

Individual participants that enroll in workforce development programs can benefit from this education and training even if these individuals do not subsequently obtain employment, improved work opportunities, or increased wages following the training. Further, some program offerings are intended to be foundations for additional training (either on-the-job or through additional workforce development programs). Nonetheless, best practices in workforce development suggest that programs are most effective for individuals when they are tied to the needs of the local labor market. Workforce development contracts reviewed in this audit, however, were not developed based on identified market labor needs and it does not appear that graduates from City FY16 workforce development programs align with identified needs for Austin's job market.

**It does not appear that workforce development programs trained graduates in what the City considers to be target markets.** In 2016, EDD conducted an updated target market assessment in order to "strategically position the City for equitable economic development that will secure jobs and investment for all stakeholders while supporting a diverse business climate." This study identified seven target markets, as shown in Exhibit 6. Workforce development contractors reviewed in this audit reported that they provided adult occupational training for 836 individuals in FY16. As shown in Exhibit 7, only 19% of these individuals received training in the City's target markets, and none of these graduates were trained in two of the target markets (fashion and zero waste).

Among the individuals who were trained in one of the target industries, 107 appeared to be trained in life sciences and technology integration, 25 appeared to be trained in advanced manufacturing, and 29 appeared to be trained across three other target industries (creative sector, food sector, and mobility innovations). The remainder of the individuals (or 81% of the total graduates reported) appeared to be trained in fields other than the seven target markets. These fields include: construction trades, office administration, and general job readiness.

#### Exhibit 6: City-Identified Target Markets



SOURCE: 2016 Target Market Assessment, Economic Development Department

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According to industry practices, one of the cornerstones of an effective workforce development policy is to ensure that the skills developed through training match the market's labor demand.

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The City's investments did not prioritize the certifications most needed by Austin employers. In FY16, it appears that only 29 individuals graduated from a City-funded workforce development training that prepared them to attain one of the top ten in-demand certifications<sup>12</sup> in the Austin area, based on the July 2016 Chamber of Commerce Available Jobs report. In addition, where there is alignment between employer needs and workforce development training completion, such as the training of Registered Nurses, the City's investment does not match the scale of the market's needs.

Along with helping low-income individuals improve life and job skills, workforce development contracts should aim to assist individuals with accessing better employment opportunities, and these opportunities should align with the labor needs of employers in the Austin market.

**Exhibit 7: 2016 Workforce Development Program Graduates (as Reported by Contractors) Compared to Target Markets**



SOURCE: Graduation data reported by contractors compared to EDD Target Market Assessment, October 2017

Without aligning contracts to the City's overall goals for workforce development as well as job market needs, the City cannot ensure that programs offered are effective and prepare individuals to be competitive in the Austin job market. Additionally, training individuals in fields that are not in high demand may result in individuals remaining unemployed or underemployed following program completion. Accordingly, this may not be an efficient use of City resources.

<sup>12</sup> Ten most in-demand certifications as of July 2016 include: (1) Driver's License, (2) Certified Registered Nurse, (3) Basic Life Support, (4) Certification in Cardiopulmonary Resuscitation, (5) Advanced Cardiac Life Support, (6) Occupational Safety & Health Administration Certification, (7) Continuing Education, (8) Commercial Driver's License, (9) Food Safety, and (10) Hazardous Materials.

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Additional Observations

**Workforce development programs may not always expand the supply of labor in certain industries due to outside constraints.** One contracted program is focused on helping individuals into middle-income jobs, and also addresses a skilled labor shortage in nursing. However, this program may not actually expand the overall supply of Licensed Vocational Nurses (LVNs) or Registered Nurses (RNs) due to limited clinical observation opportunities. Attaining these certifications requires a certain number of supervised clinical observation hours at an area health care facility, and there may not always be facilities and faculty available to provide the required observation time.

**The federal Medicaid funding program was not cost-effective.** The federal Medicaid funding “pay for performance” program does not appear to be cost effective as approximately \$657,000 was awarded to the contractor, about half of which was paid to Austin Community College (where these graduates were trained). It appears that only 16 individuals graduated through this program, which equates to a cost of about \$41,000<sup>13</sup> per person for this specific program. Note participants funded through this contract were not required to be Travis County residents or low-income, though some participants were. The federal funding for this program has since been discontinued.

**The City of Austin does not directly coordinate with Austin Community College for workforce development.** Three out of the five contractors reviewed in this audit subcontract with the Austin Community College to provide workforce development-related classes. Direct coordination between the City and Austin Community College may reduce the pass through administration expenses and better meet the City’s desired outcomes as well as provide improved information on how funds were spent.

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<sup>13</sup> This figure does not factor in additional costs the City incurred to administer this agreement.

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## Recommendations and Management Response

- 1 | The City Manager should name a lead department to oversee and coordinate workforce development programs and collaborate with regional partners to better target City workforce development investments towards programs that meet the needs of local employers.

Management Response: Concur

Proposed Implementation Plan: The Economic Development Department will assume the lead and will engage other City departments that address workforce development into a citywide team for the purpose of better collaboration internally and externally.

Proposed Implementation Date: May 1, 2018

- 2 | The City Manager should work with the lead department to establish Citywide goals and performance expectations relating to workforce development.

Management Response: Concur

Proposed Implementation Plan: The lead department will work with the team to coordinate and establish citywide goals and performance expectations. . In addition, the team will evaluate if all existing workforce development contracts and/or funding should be labeled differently. The goals and performance expectations will be framed around the City Council's as well as the City's Strategic Plan.

Proposed Implementation Date: May 1, 2018

- 3 | When workforce development contracts are renegotiated, the City Manager should work with the lead department to review the needs of area employers and ensure new contracts are designed and implemented so that future workforce development programs align with goals and train individuals in high demand areas.

Management Response: Concur

Proposed Implementation Plan: As the workforce development contracts become available to be re-negotiated, the lead identified department will review the needs of the area employers along with other departments to ensure that the new contracts are designed and implemented to train individuals in high demand areas, as well as meet goals and objectives set forth.

Proposed Implementation Date: May 1, 2018

- 4 | The City Manager should work with the lead department to ensure that future contracts include clear and consistent performance measures that can be used to measure the impact of these programs. Further, the City Manager should consider whether contractors should be fully or partially paid based on performance.

Management Response: Concur

Proposed Implementation Plan: The lead department will work with the citywide team to develop clear and consistent performance measures that will measure the impact of the programs. In addition performance pay for contractors will be evaluated.

Proposed Implementation Date: May 1, 2018

- 5 | The Director of Austin Public Health should enhance monitoring of contractors and ensure that program data maintained is complete, accurate, and reliable.

Management Response: Concur

**Proposed Implementation Plan:** Austin Public Health will work with existing service providers to determine if they are able to provide the necessary data to the City so that enhanced monitoring of contracts can occur to ensure program data is well maintained, reliable, complete and accurate. This will require assessing their ability under the existing contracts to adequately resource additional data needs, and possibly changes to existing and/or future contracts.

**Proposed Implementation Date:** May 1, 2018

- 6 | The Director of the Economic Development Department should enhance monitoring of contractors and ensure that program data maintained is complete, accurate, and reliable.

Management Response: Concur

**Proposed Implementation Plan:** Economic Development Department will work with existing service providers to determine if they are able to provide the necessary data to the City so that enhanced monitoring of contracts can occur to ensure program data is well maintained, reliable, complete and accurate. This will require assessing their ability under the existing contracts to adequately resource additional data needs, and possibly changes to existing and/or future contracts.

**Proposed Implementation Date:** May 1, 2018

## Management Response



### MEMORANDUM

**To:** Corrie Stokes, City Auditor

**From:** Sara L. Hensley, CPRP, Interim Assistant City Manager  
Greg Canally, Interim Chief Financial Officer

**Date:** November 8, 2017

**Subject:** Additional Management Response to Workforce Development Audit Response

While we have responded to each of the Audit items with a proposed plan, we also will be looking more broadly at the City's Workforce Development efforts. Specifically, instead of organizational adjustments that may or may not have the needed impact, it is important to "re-think" how the City approaches Workforce Development. We will be working with staff and stakeholders over the next six months to create a Workforce Development Roadmap. This roadmap may result in additional action steps and recommendations beyond those laid out in this Audit. The intent will be to have a Workforce Development roadmap in line with the City's Strategic Plan, and in place prior to adoption of the 2018-19 budget, where typically additional funds have been added during the Council's adoption process.

CC: Elaine Hart, Interim City Manager

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## Scope

The audit scope included City workforce development contracts for adult occupational training from October 2012 through September 2016. The majority of our testing focused on FY16.

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## Methodology

To complete this audit, we performed the following steps:

- Reviewed prior audits and contract monitoring reports,
- Evaluated fraud, waste and abuse risks with the City Auditor's Integrity Unit,
- Reviewed city plans, budgets, performance measures, and stated targets,
- Reviewed labor data and information on job openings,
- Reviewed select contract solicitation materials and applications,
- Reviewed the five largest contracts across Austin Public Health and Economic Development Departments and reported results for FY13-FY16,
- Reviewed program offerings and performance reports,
- Interviewed city staff, contractor staff, community college administrators, and community stakeholders, and industry representatives,
- Reviewed contractor responses to audit questionnaires,
- Reviewed contractor candidate selection processes, and participant lists,
- Reviewed performance reporting submitted by contractors to the City,
- Conducted on-site reviews of eligibility and outcome records for a judgmental sample of participants at each contractor,
- Evaluated internal controls related to City workforce development initiatives and contracts, and
- Conducted a survey of employers who hire program participants.

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## Audit Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve City services. We conduct performance audits to review aspects of a City service or program and provide recommendations for improvement.

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