

**AGENCY FOR WORKFORCE  
INNOVATION**

**LABOR MARKET STATISTICS CENTER AND  
WELFARE TRANSITION PROGRAM**

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**Operational Audit**



**DIRECTOR OF THE AGENCY FOR WORKFORCE INNOVATION**

Pursuant to Section 20.50, Florida Statutes, the Agency for Workforce Innovation (AWI) was created within the Department of Management Services as a separate budget entity, not subject to control, supervision, or direction by DMS in any manner. The Director of the Agency for Workforce Innovation was appointed by the Governor and was the agency head for all purposes. During the period of our audit, Cynthia R. Lorenzo served as Director.

Effective October 1, 2011, and pursuant to Chapter 2011-142, Laws of Florida, AWI transitioned to the newly created Department of Economic Opportunity, with the exception of the Office of Early Learning that transferred to the Florida Department of Education.

The audit team leader was David Ulewicz and the audit was supervised by Aileen Peterson, CPA. Please address inquiries regarding this report to Christi Alexander, CPA, Audit Manager, by e-mail at [christialexander@aud.state.fl.us](mailto:christialexander@aud.state.fl.us) or by telephone at (850) 487-9069.

This report and other reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

## AGENCY FOR WORKFORCE INNOVATION

### Labor Market Statistics Center and Welfare Transition Program

#### SUMMARY

This operational audit of the Agency for Workforce Innovation (AWI) focuses on the statistical survey activities and service provider contracts of the Labor Market Statistics Center and AWI's administration of the Welfare Transition (WT) Program. Our audit of these areas disclosed the following:

#### LABOR MARKET STATISTICS (LMS) CENTER

**Finding No. 1:** AWI did not always ensure that wage data was accurately and timely reported for public usage and in accordance with Federal guidelines.

**Finding No. 2:** AWI did not always ensure that contract provisions were sufficient, and that service providers were in compliance with contract terms.

#### WELFARE TRANSITION PROGRAM

**Finding No. 3:** AWI did not always ensure that the monitoring of Statewide workforce programs was timely completed.

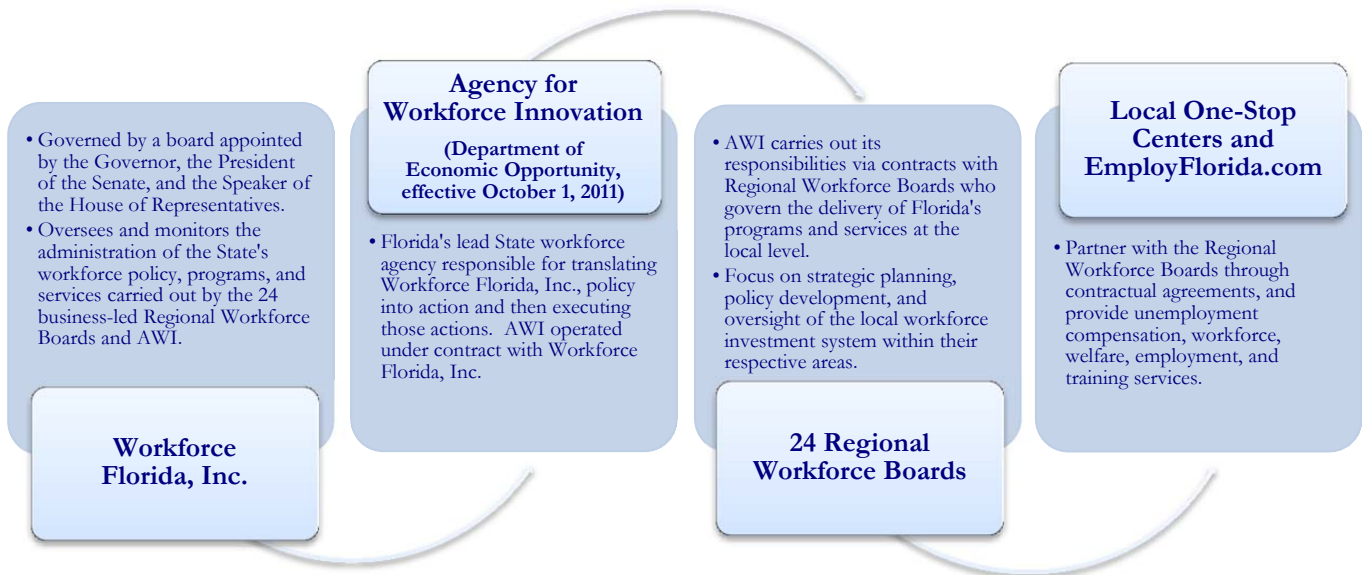
**Finding No. 4:** AWI had not established policies and procedures or training providing guidance relating to staff responsibilities relating to the detection of fraud, waste, and abuse awareness.

#### BACKGROUND

AWI was the State's administrative agency designated for receipt of Federal workforce development grants and other Federal funds, and was required to carry out the duties and responsibilities assigned by the Governor under each Federal grant assigned. AWI directly administered several program areas including Workforce Services, Unemployment Compensation, and the Office of Early Learning. Specifically, as it pertains to the focus of our audit, Workforce Services included, among various other programs, the Labor Market Statistics Center and the Welfare Transition Program.

To carry out the duties and responsibilities assigned by law, AWI as the State administrator of workforce funding, and Workforce Florida, Inc., as the State's principal workforce policy and oversight organization, were to operate as partners in the Employ Florida Network, depicted in Chart 1 below. As further shown by Chart 1, the Network also includes 24 Regional Workforce Boards and 95 One-Stop Career Centers located throughout the State of Florida.

**Chart 1  
Overview of the State’s Workforce System  
“Employ Florida Network”**



Source: Chapters 20 and 445, Florida Statutes.

**FINDINGS AND RECOMMENDATIONS**

**Labor Market Statistics Center**

Pursuant to State law,<sup>1</sup> AWI, through oversight and policy direction of Workforce Florida, Inc., was required to administer programs authorized under the United States Department of Labor (USDOL) Wagner-Peyser Act of 1933, as amended, 29 United States Code, ss. 49 et seq. As a responsibility under these programs, AWI managed a Statewide employment statistics system and helped implement related Federal and State requirements.

As depicted in **EXHIBIT A**, AWI established the Labor Market Statistics (LMS) Center whose mission consisted of producing, analyzing, and delivering timely and reliable labor statistics to improve economic decision making. During the 2009-10 and 2010-11 fiscal years, LMS Center expenditures, which were fully funded by the USDOL, Bureau of Labor Statistics (BLS) and the USDOL, Employment Training Administration (ETA), totaled \$4,582,787 and \$3,282,718, respectively.

**Finding No. 1: Data Accuracy**

The BLS Labor Market Information Federal and State Cooperative Agreement<sup>2</sup> (Agreement) provides for the production of various statistical programs. One such program is the Occupational Employment Statistics (OES) Program, which produces estimates of the number of workers and wage ranges by occupation in nonagricultural industries. The estimates are used for analysis of the occupational composition of different industries, determining national policy related to structural unemployment, and for training and employment planning. Additionally, such industry and occupational employment projections and wage data are used by the Workforce Estimating Conference

<sup>1</sup> Sections 445.004(5)(b).2 and (c), Florida Statutes.

<sup>2</sup> Administrative Requirements of Cooperative Agreement between BLS and Agency for Workforce Innovation (AWI), CA # LM-20330-11-75-J-12, effective October 10, 2010, page I-1.

(WEC), whose mission is to identify high skill, high wage, high demand occupations, and to make job training market-based to meet the needs of business (economic development).

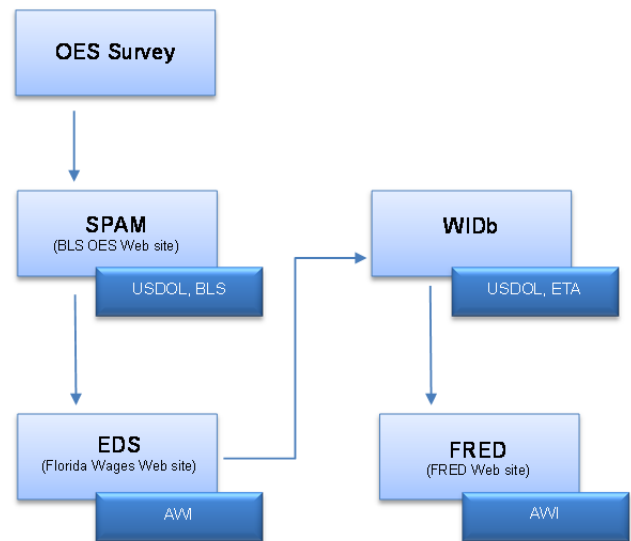
The LMS Occupational Analysis Section, within the LMS Center of AWI, was responsible for collecting from businesses the OES Program survey data, which included information on employees and their wages in nearly 700 occupations within 400 industries at the national, state, and metropolitan levels. This data was collected via mail, e-mail, fax, and phone, and was used at the national level by BLS to produce OES employment and wage estimates. Uses of the OES survey data at the national, state, and local levels included, but were not limited to, projecting future employment needs, informing schools and other training institutions about the skills and knowledge employers need, comparing occupational wages across geographic regions and among industry sectors, and providing information on earnings for occupations. During the period July 1, 2009, through February 28, 2011, the LMS Center reported that it collected OES survey data from approximately 37,710 Florida businesses.

As depicted in Chart 2, once the LMS Center’s Occupational Analysis Section collected the OES survey data, the information was recorded in the BLS’s Survey Processing and Management (SPAM) System. The SPAM System, administered by the BLS, is a processing system used to enter, edit, and disseminate respondent data collected through the OES Survey. Using information in the SPAM System, the BLS calculated the survey results and compiled estimation files.

The estimation files were then loaded to AWI’s Occupational and Employment Statistics-Estimate Delivery System (EDS), which was accessible to users via the Florida Wages Web site. The Florida Wages Web site is a Web application that provides online wages data for Florida and allows the user to obtain an extensive analysis of occupational and wages data. The user can obtain wages information by occupation, by industry, by area, and at various percentile levels.

The EDS data is then to be used by the LMS Center’s Occupational Analysis Section to populate the USDOL, Employment and Training Administration’s (ETA) Workforce Information Database (WIDb), which is then used to populate the Florida Research and Economic Database (FRED). FRED is a comprehensive economic and labor market information Web application that provides a one-stop source for Florida demographic, economic, and labor market information. According to the ETA, WIDb is to serve as the cornerstone for information delivery, workforce research, and product development for information that is standard and comparable across all states. ETA guidance<sup>3</sup> provides that states are required to implement and maintain the most current versions of the WIDb and populate all designated tables. Further, database content must be updated timely in order to be as current as the state’s most recent publications and data releases.

**Chart 2**  
**OES Program Survey Process**



Source: Agency records.

<sup>3</sup> ETA Training and Employment Guidance Letter No. 3-10, dated July 16, 2010, Application Instructions for Program Year 2010 Workforce Information Grants to States: Workforce Information (WI) and Labor Market Information (WFI) Formula Allocations.

One of the objectives of our audit was to determine the effectiveness of the controls employed to ensure the accuracy and completeness of the survey process. However, we were informed by both State and Federal officials that survey responses were confidential under Federal law and that we could not view individual survey responses. As a consequence, our work in reviewing the survey process was limited to obtaining an understanding of the flow of survey data between State and Federal systems and comparisons of systems data at a summary level. Our audit work disclosed:

- Upon the completion of processing, the data stored in all three systems (SPAM, EDS, and WIDb) should be in agreement and disseminate the same occupational and wages data. Our audit disclosed that AWI did not have a data reconciliation or verification process in place to ensure that data remained complete and accurate during the population of these systems. Absent such reconciliations, there is reduced assurance that users of the various systems have reliable information on which to base economic, policy, and program decisions. Our audit did disclose an instance where the WIDb data had not been updated by the LMS Center for the 4<sup>th</sup> quarter 2010 OES wages data and was, therefore, not in agreement with either the BLS OES Web site or the Florida Wages Web Site. Upon audit inquiry, Agency management indicated that this was an oversight and updated the applicable database on March 17, 2011, (approximately 49 days after the required January 28, 2011, due date).
- The Agreement required AWI to have in place a system of IT security controls, consistent with industry standards and State and Federal laws, as applicable, that were tested on a regular basis. Additionally, the Agreement required that AWI make reports on the audit of such controls available to authorized BLS staff upon request. Greater assurance as to the reliability of OES survey data and its processing can be obtained by AWI through the periodic review of the information technology controls and data relating to the conduct, recording, and summarization of survey findings. However, we found that AWI had not conducted such review of its survey-related systems and processes.

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**Recommendation:** To ensure accurate, reliable, and useful information is provided for decision-making purposes, a data reconciliation or verification process should be implemented by management. Management should also ensure that the effectiveness of relevant IT security controls are tested on a regular basis.

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### **Finding No. 2: Service Provider Contract**

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The LMS Center, through AWI, was awarded American Recovery and Reinvestment Act (ARRA) funding, totaling \$1,250,000 to conduct a Green Jobs Survey (Survey) for the USDOL, ETA. The Survey was to identify occupations that were linked to a set of green activities in the economy, such activities relating to, for example, energy efficiency, renewable energy, biofuels, deconstruction and materials use industries, and manufacturing of sustainable projects. Under the Federal award, the LMS Center's objective was to utilize the information to make projections regarding green jobs and to support economic, policy, and program decisions. Further, a labor exchange component, the Green Edition, was to be included within the State's electronic labor exchange system, Employ Florida Marketplace.<sup>4</sup>

As part of the ARRA grant award, the LMS Center contracted with a service provider to conduct the Survey. Rather than competitively awarding the contract, AWI amended an existing contract to include the conduct of the Survey. With respect to this contract, we found that an initial three-year contract was signed in November 2004 that required the service provider to conduct local surveys of job vacancy and hiring needs. The same generic contract and terms were renewed in November 2007 for an additional three years, and extended for six months in November 2010. As

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<sup>4</sup> Employ Florida Marketplace is the State's online labor exchange tool that is to provide employers, job seekers, students, training providers and workforce professionals with workforce services.

survey demands changed, the LMS Center amended the initial contract as needed.<sup>5</sup> Table 1 below summarizes the contract and its amendments.

**Table 1**  
**Service Provider Contract Amendments**

Activity	Contract/ Amendment Effective Date	Contract Amount	Job Vacancy Expenditures	Green Job Expenditures	Total Expenditures
<b>Original Contract (11/19/2004 – 11/19/2007)</b>					
Initial Contract	11/19/2004	\$70,000	\$41,040	\$0	\$41,040
Amendment 1	03/15/2005	\$740,000	\$548,020	\$0	\$548,020
Amendment 2	11/17/2005	\$200,000	\$127,546	\$0	\$127,546
<b>Contract Renewal (11/19/2007 – 11/19/2010)</b>					
Amendment 3	11/19/2007	\$50,000	\$0	\$0	\$0
Amendment 4	10/14/2008	\$80,000	\$0	\$0	\$0
Amendment 5	11/12/2009	\$1,500,000	\$598,448	\$726,232	\$1,324,680
<b>Contract Extension (11/19/2010 – 05/18/2011)</b>					
Amendment 6	11/19/2010	\$0	\$0	\$0	\$0
<b>Total</b>		<b>\$2,640,000</b>	<b>\$1,315,054</b>	<b>\$726,232</b>	<b>\$2,041,286</b>

Source: Agency records.

Our review of Amendment No. 5, relating to the Green Jobs Survey, disclosed the following:

- Contrary to State law,<sup>6</sup> the contract, as amended, did not specify a scope of work that clearly established the tasks the service provider was required to perform for the Green Jobs Survey. With respect to scope, the amendment stated only that the contract was entered into for survey services and that it shall not exceed \$1,500,000. Absent sufficient contractual provisions describing the scope of work, the Agency lacked an adequate basis for verifying, prior to contractor payment, that the services provided conformed to the expectations under the contract.
- The contract as amended, provided that prior written approval was required for any subcontractors utilized under the contract and for each survey conducted. Although the service provider utilized a subcontractor in conducting the Green Job Survey, the Agency had not documented its approval of the subcontractor. The consideration and approval of subcontractors serves to reasonably ensure that the qualifications of those performing contractual services meet the requirements of the State.

**Recommendation: We recommend that management:**

- **Ensure that contract provisions are sufficient to allow a verification that the desired services have been provided.**
- **Ensure that subcontractors are subjected to the review and approval of the agency.**

**Welfare Transition Program**

Florida law created the Florida Workforce Innovation Act, which established the Welfare Transition (WTI) Program. Additionally, this legislation placed the State workforce and the Temporary Assistance for Needy Families (TANF) programs under Workforce Florida, Inc., and created AWI, which provided administrative and program guidance for

<sup>5</sup> During our audit, the Financial Management System Assurance Section (FMSAS) within AWI selected a sample of LMS Center contracts for review as to the extent of compliance with Agency policy. This FMSAS review included selection of the contract noted above and disclosed several issues, such as the LMS Center’s use of a non-certified contract manager, a late invoice payment, errors in the mail return rates by region, the absence of a cost and price analysis, and lack of purchasing training.

<sup>6</sup> Section 287.058, Florida Statutes.

workforce programs that included the WT Program. The 24 Regional Workforce Boards (RWBs) through the local One-Stop Career Centers provided workforce, welfare, and employment services. The goal of Florida's WT Program is to emphasize work, self-sufficiency, and personal responsibility, as well as, enable welfare recipients to move from welfare to work.

For the 2010-11 fiscal year, the Legislature appropriated \$201 million for the WT Program, of which, approximately \$116 million was designated for transitory child care administered through AWI early learning programs and the remaining \$85 million for all other WT Program services.

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**Finding No. 3: Monitoring Practices and Procedures – Regional Workforce Boards**

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Federal law and regulation<sup>7</sup> require the State to develop procedures to ensure that Federal policies relative to program quality and outcomes meet the objectives of the Workforce Investment Act (WIA). Additionally, Federal law requires regular oversight and monitoring be conducted of WIA activities, including those administered by subrecipients and contractors. The objectives of the oversight and monitoring are to determine that expenditures have been made in the cost categories and within the cost limitations specified in the Act and regulations; determine whether or not there is compliance with other provisions of the Act and regulations; and provide technical assistance as necessary and appropriate.

The State, through its workforce development agencies, is to provide oversight and monitoring of its Statewide workforce programs and projects. To satisfy this requirement, AWI performed both programmatic and financial monitoring. Annual on-site financial monitoring was provided by contracted CPA firms through AWI's Financial Management Systems Assurance Section (FMSAS). The key fiscal activities that were to be included in these agreed-upon procedure engagements were: corrective action plan (CAP) implementation, financial management systems, internal control environment, cash management, One-Stop Management Information System (OSMIS) reporting and reconciliation, prepaid program items, cost allocation and disbursement testing, travel, purchasing, contracting, and subrecipient monitoring. In addition, each RWB is subject to an annual audit of its financial statements and its administration of its State and Federal financial assistance programs.

AWI's One-Stop and Support Services (OSPS) Unit was assigned the responsibility for conducting annual programmatic monitoring of Statewide workforce programs through a combination of both desk reviews and on-site reviews. Such reviews were to provide an assessment of the RWB's compliance with the workforce programs' respective laws, regulations, State plans, and contract or agreement terms. Program operations and processes were to be further reviewed by OSPS staff to determine whether there were factors that impacted overall service delivery and quality.

AWI's monitoring procedures provide that the OSPS Unit is responsible for performing on-site RWB programmatic monitoring reviews, holding exit conferences with RWB staff to discuss any relevant issues noted during the review, and providing the RWB with a written exit report that includes a summary of any findings, systemic issues, observations, and best practice implementation opportunities resulting from the review. The RWB is allowed a 10 workday period to provide a written exit summary response and additional documentation to resolve any outstanding issue(s) identified at the exit conference. Upon completion of this process, and within 30 workdays from receipt of the RWB's response, OSPS is to prepare and submit a final programmatic monitoring report, including recommendations for a corrective action plan (CAP) to the RWB. The RWB then has 20 workdays from the receipt

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<sup>7</sup> The Workforce Investment Act (WIA) of 1998 (184 (a)(4) and 184(d)(2)(a)); and 20 CFR 660.300, 667.400, 667.410, and 667.500.

date of the final monitoring report to develop a CAP and submit it to OSPA for review and resolution of the findings. After all corrective actions have been accepted, OSPA is to issue a closeout letter to the RWB.

Annually, AWI performs on-site financial and programmatic monitoring for all of the 24 RWBs. As part of our audit, we reviewed AWI's on-site programmatic monitoring visits performed and the related actions completed for 5 RWBs, for the period July 1, 2009, through February 28, 2011. Our review of the monitoring records disclosed that for 2 of 5 monitoring reports, the OSPA had not submitted the final monitoring reports to the RWBs within 30 workdays from receipt of the RWBs written exit summary responses. Such reports were 27 and 123 workdays late. Additionally, for two of these reports, the RWBs submitted the CAPs 35 and 82 workdays late. Examples of the findings contained in these monitoring reports were as follows:

- The initial assessments of participant's employability, work history, and skills had not been completed in a timely manner.
- Signed copies of the Individual Responsibility Plans were not retained in the participant's case files.
- Participation hours reported in AWI's One-Stop Service Tracking Information System and reported by the Florida Department of Children and Family Services to the United States Department of Health and Human Services were not sufficiently documented.
- Medical deferrals signed by licensed physicians were not maintained in the participant's case files.
- Oral contacts and counseling for participants were not compliant with program requirements (e.g., the Pre-penalty and Sanction Process) and were not documented.
- Continuous eligibility for transitional services (e.g., gas cards, bus passes, and childcare assistance) could not be demonstrated for some participants of the WT Program.

The untimely completion and communication of monitoring reports may delay corrective actions by the RWBs and allow known problems, such as those described above, to avoid timely correction.

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**Recommendation:** We recommend that management continue its efforts to ensure that programmatic monitoring reports are issued and that necessary corrective actions are taken by RWBs.

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#### **Finding No. 4: Fraud, Waste, and Abuse Policies and Procedures**

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Policies and procedures relating to the prevention, detection, and reporting of instances of suspected fraud, waste, and abuse are necessary to communicate to employees management's expectations with respect to proper conduct and create an environment that deters fraud, waste, and abuse and that encourages the effective operation of internal controls. In addition, such policies and procedures help to establish a sense of responsibility for awareness of fraud, waste, and abuse, taking appropriate action, and reporting evidence of such action to the appropriate authorities.

Our review disclosed that although the Workforce Services Program had established various policies and procedures that provided RWBs and staff the opportunity to familiarize themselves with applicable Federal regulations and operational requirements of the WT Program, such procedures did not address staff responsibility for being alert to the potential for fraud, waste, and abuse, and no related training had been provided regarding fraud, waste, and abuse.

The absence of such policies and procedures increases the risk that fraud, waste, or abuse may occur and escape detection and investigation.

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**Recommendation:** We recommend that management develop policies, procedures, and training that will aid staff in identifying instances of suspected fraud, waste, and abuse.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted this operational audit from March to May 2011 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, except as otherwise noted in Finding No. 1.

This operational audit focused on the operational requirements of the Labor Market Statistics Center (LMS) and the Welfare Transition Program (WT).

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7) (h), Florida Statutes.

In conducting our audit we:

- Interviewed applicable program personnel.
- Obtained an understanding of selected internal controls and observed, documented, and evaluated the effectiveness of key processes and procedures.
- Performed a test of four contracts between LMS and the service providers to determine whether the State contract and purchasing requirements were met. The test included steps to determine that the State:
  - Procured and paid for goods and services in accordance with governing laws, rules, and Department policy.
  - The purchased goods and services served an authorized purpose of the State and were procured at a reasonable and necessary cost.
  - The expenditure transactions recorded in the Florida Accounting and Information Resource Subsystem were accurate, authorized, timely recorded, correctly coded (i.e., appropriate funding source, fiscal period, object code, etc.), and supported by adequate documentation.
- Due to Federal confidentiality laws, we were unable to review individual survey responses. Therefore, our review of OES survey data consisted of a summary comparison of wages data reported on the BLS OES Web site, FRED, and Florida Wages Web site to determine whether the information was current and in agreement.
- Conducted a limited review of certain OES reports and sample forms to determine whether the State reporting and performance requirements of the USDOL, BLS Federal and State Cooperative Agreement were met.
- Performed a review of certain general and application controls relating to the OES System. Also, made a comparison of the OES System Users and AWI's organization chart to ensure that employee access levels to the OES were authorized and appropriate.
- Performed a review of the LMS, Occupational Analysis Section, training records to determine whether the State employees designated as agents to carry out the work under the BLS Agreement had completed the required confidentiality training.

- Performed analytical procedures of LMS expenditure data.
- Through interviews with AWI staff and observation of monitoring materials, determined whether the 24 Regional Workforce Boards (RWBs) had been subjected to programmatic monitoring during the period of July 1, 2009 through February 28, 2011. Also, determined whether procedures had been established that:
  - Ensured monitoring activities were in place relative to the RWBs compliance with program requirements and State law applicable to the WT Program.
  - Ensured WT Program participants benefit amounts were accurate and in accordance with State law applicable to the WT Program.
  - Ensured WT Program participant “work activity” requirements were met and adequately documented in accordance with State law applicable to the WT Program.
- Reviewed WT Program procedures and guidance for compliance with State law and Federal requirements.
- Performed various other auditing procedures, as necessary, to accomplish the objectives of the audit.
- Communicated on an interim basis with applicable Agency officials to ensure the timely resolution of issues involving controls and noncompliance.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe those matters requiring corrective actions.

**AUTHORITY**

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA  
Auditor General

**MANAGEMENT’S RESPONSE**

In a letter dated January 4, 2012, the Executive Director of the Department of Economic Opportunity provided a response to our audit findings and recommendations. The response is included as **EXHIBIT B**.

**EXHIBIT A**  
**OCCUPATIONAL EMPLOYMENT STATISTICS (OES) PROGRAM OVERVIEW**



Source: Agency records.

EXHIBIT B  
MANAGEMENT'S RESPONSE

Rick Scott  
GOVERNOR



Doug Darling  
EXECUTIVE DIRECTOR

January 4, 2012

Mr. David W. Martin  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, we have prepared the attached response to the preliminary and tentative findings and recommendations which may be included in your report relating to the Labor Market Statistics Center and the Welfare Transition program as administered by the Florida Department of Economic Opportunity.

Thank you for providing us the opportunity to respond to your preliminary findings. We hope that this response satisfies your requirements. If you have questions or require additional information, please contact James F. Mathews, Inspector General at (850) 245-7141.

Sincerely,



Doug Darling  
Executive Director

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Enclosure

The Caldwell Building 107 E. Madison Street Tallahassee, Florida 32399-4120  
850.245.7105 TTY/TDD 1-800-955-8771 Voice 1-800-955-8770 [FloridaJobs.org](http://FloridaJobs.org)

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**EXHIBIT B**  
**MANAGEMENT'S RESPONSE (CONTINUED)**

**Florida Department of Economic Opportunity (DEO)**  
**Response to Preliminary and Tentative Findings**  
**Auditor General Operational Audit**  
**December 2011**

**LABOR MARKET STATISTICS (LMS) CENTER**

**Finding No. 1: Data Accuracy**

AWI did not always ensure that wage data was accurately and timely reported for public usage and in accordance with Federal guidelines.

**Auditor Recommendation:** To ensure accurate, reliable, and useful information is provided for decision-making purposes, a data reconciliation or verification process should be implemented by management. Management should also ensure that the effectiveness of relevant information technology security controls are tested on a regular basis.

**DEO Response:** We concur. In order to ensure that the United States Department of Labor, Employment and Training Administration's Workforce Information Database (WIDb) data is updated as required, Labor Market Statistics has created the following processes:

- Upon notification from the Information Delivery Team that data has been loaded into the WIDb, the OES program staff will perform verifications that all systems that use these data have been updated with the most recent information.
- The data verification will take place quarterly after data is loaded.

DEO will ensure that a reconciliation/verification process is developed and implemented within the Department to provide management with decision making information. The Labor Market Statistics Office and the Information Technology Office will work together to plan and implement these changes by June 30, 2012.

**Finding No. 2: Service Provider Contract**

AWI did not always ensure that contract provisions were sufficient, and that service providers were in compliance with contract terms.

**Auditor Recommendation:** It was recommended that management:

- Ensure that contract provisions are sufficient to allow verification that the desired services have been provided.
- Ensure that subcontractors are subjected to the review and approval of the agency.

**EXHIBIT B**  
**MANAGEMENT'S RESPONSE (CONTINUED)**

**Florida Department of Economic Opportunity (DEO)**  
**Response to Preliminary and Tentative Findings**  
**Auditor General Operational Audit**  
**December 2011**

**DEO Response:** We concur. By April 1, 2012, DEO will implement a modification to its Purchasing and Contracting Policy and its Contract Checklist to include specific guidance to Contract Managers to evaluate whether an Amendment to an existing contract includes a revision to the scope of work, i.e., tasks, timelines, deliverables, payment terms, etc. If these items are determined to be changing, the Contract Manager will be required to include those modifications in the Amendment.

DEO will continue to ensure that once every two years, Contract Managers will revisit contract and grants management training conducted by the Department of Financial Services, Bureau of Auditing. This training provides clear guidance and expectations for Contract Managers. Since the implementation of this training requirement for DEO Contract Managers, improvements in the quality of contracts and contract management have been noted.

Effective January 31, 2012, DEO will revise the Contract Checklist to include the review and approval of all subcontractor agreements that are applicable.

**WELFARE TRANSITION PROGRAM**

**Finding No. 3: Monitoring Practices and Procedures – Regional Workforce Boards (RWBs)**

AWI did not always ensure that the monitoring of Statewide workforce programs was timely completed.

**Auditor Recommendation:** We recommend that management continue its efforts to ensure that programmatic monitoring reports are issued and that necessary corrective actions are taken by RWBs.

**DEO Response:** We concur. In addition to the current monitoring efforts taken to ensure timely preparation of monitoring reports, a timeline has been established which delineates due dates for staff preparation of reports and management review and approval prior to final report dissemination to the Regional Workforce Boards. These steps are to ensure timely reporting and that corrective action measures are operating in compliance with federal guidelines.

**EXHIBIT B**  
**MANAGEMENT'S RESPONSE (CONTINUED)**

**Florida Department of Economic Opportunity (DEO)**  
**Response to Preliminary and Tentative Findings**  
**Auditor General Operational Audit**  
**December 2011**

It should be noted that the two late reports occurred during the 2009-2010 program year. During that period, the size of the monitoring sample was increased and the review tool was expanded to include review of the implementation of the American Recovery and Reemployment Act. This program year was the first in two years that on-site programmatic monitoring visits were made to all 24 regional boards.

**Finding No. 4: Fraud, Waste, and Abuse Policies and Procedures**

AWI had not established policies and procedures or training providing guidance relating to staff responsibilities in relating to the detection of fraud, waste, and abuse awareness.

**Auditor Recommendation:** We recommend that management develop policies, procedures, and training that will aid staff in identifying instances of suspected fraud, waste, and abuse.

**DEO Response:** We concur. Management is currently developing policies, procedures, and training that will aid staff in identifying or reporting instances of suspected fraud, waste, and abuse. These will be implemented immediately to make sure staff is fully aware of the processes for dealing with potential fraud, waste and abuse. The agency is also working with the Department of Financial Services to establish a process for reporting suspected fraud, waste and abuse directly to the Division of Public Assistance Fraud. This finding should be corrected by February 2012.

In addition, the Department of Economic Opportunity (DEO) has prepared a memo that was distributed to the regional workforce boards with links to two sites with information on where and how to report suspected fraud, waste and abuse. The two links are for the DEO Office of the Inspector General and the Department of Children and Families. These links will also be posted to the Workforce Services site.

The Office of the Inspector General's link:

<http://www.floridajobs.org/office-directory/office-of-the-inspector-general>

Department of Children and Families link:

<http://www.dcf.state.fl.us/access/ReportFraud/MainForm.aspx>

The DEO will make certain that regional workforce boards, vendors and participants are aware of information relative to reporting fraud, waste and abuse.