

**TEXT OF MADISON COUNTY'S
RESPONSE TO THE DRAFT AUDIT REPORT
(FOLLOWING THIS TITLE PAGE)**

Madison County's response to the draft audit report, absent the attachments, is presented in its entirety. The attachments have been omitted because they included voluminous material that included a variety of personal identifying information protected from public disclosure by the Privacy Act. However, we have transmitted a copy of Madison County's entire response to ETA, for use by the Grant Officer in resolving the findings.

Response of The Madison County (Alabama) Commission
to The Draft Report Titled
"Audit of Madison County Working Connection's
Competitive Welfare-to-Work Grant
October 1, 1999 through September 30, 2001"

Report No.: 04-02-001-03-386

March 19, 2002

BACKGROUND

Prior to the adoption of the Balanced Budget Act of 1997, which authorized the Department of Labor to make three billion dollars available for Welfare-to-Work Grants, Madison County had achieved significant success in the field of job placement. Beginning in 1994, the Madison County Commission has sponsored a job placement program which included a "Job-A-Thon" and a Job Fair. The Job-A-Thon is a one hour long television program aired on the local ABC affiliate which solicits businesses to pledge jobs for needy individuals. In 1999, the "Job-A-Thon" produced 1,560 job offers. In 2000, 2900 jobs were pledged. The Job Fair is a setting in which the companies which have pledged jobs on the Job-A-Thon come and interview prospective workers for employment.

In the beginning the program was aimed at young people only. Madison County quickly learned that parents as well as young people needed assistance in locating jobs. The program was extended to include all ages. Madison County worked with the local office of the Alabama Department of Human Resources to assist welfare recipients in locating employment.

The Welfare-to-Work Program was a natural fit for Madison County with its successful experience in job placement. The target population of the Welfare-to-Work Program, non-custodial parents, however, was much more difficult to recruit for the program and to retain in a job than those young people and parents who had participated in the Job Fairs. Many non-custodial parents are individuals who have for years mastered the art of surviving

without working. They often are people who have never felt any "ownership" of a child which they feel would warrant paying child support. Most of these non-custodial parents come from generations of homes where there was no positive male role model with which to interact on a daily basis. Working was not the norm. Many non-custodial parents strenuously object to paying child support to a custodial parent when the non-custodial parent has no control over the expenditure of the money by the custodial parent. Many of these non-custodial parents lack job skills. Many suffer from some mild mental disorder. Most fit the description "hard to employ." Extensive job coaching and mentoring is required for most Welfare-to-Work participants in order for them to retain employment.

PROBLEMS

A number of problems have plagued the Madison County Welfare-to-Work Program since its inception. The Department of Labor has assigned three different Grant Officer Technical Representatives (GOTRs) to Madison County during the 30-month existence of the Welfare-to-Work Grant. This has resulted in Madison County having great difficulty in getting consistent interpretation of regulations and assistance in problem-solving from the Department of Labor. Because the program was funded by a fixed period (30-month) grant, the recruitment of competent individuals to staff the program was difficult in that there was no guaranty of a job beyond the 30-month life of the grant. Turnover in management personnel

has caused significant problems. The initial choice to direct the program was Dr. Helen McAlpine, who had just retired as Assistant Superintendent of the Huntsville City Schools. After considerable negotiation, it was determined that Dr. McAlpine could not accept the position and receive her retirement; therefore, she declined the position. It then became necessary to re-advertise and re-interview for the Director's position. Although the grant began on October 1, 1999, a Director was not in place until December 20, 1999. The first Director, Tommie Lockhart, served only until August 2000. Lockhart was succeeded by Diane Kerns, who served as Acting Director until December 31, 2000. On January 8, 2001, Earnest Starks assumed the position of Director of the program. Starks' salary and benefits are fully paid by the Madison County Commission and no part of Starks' compensation is charged to the Welfare-to-Work Grant. Lekisha Burton became the accountant for the program on October 8, 2001. Prior to that time, the accountant for the program had not performed satisfactorily.

On Sunday, March 11, 2001, a fire destroyed County buildings located at Hi-Lo Circle which included the offices of Madison County Commission-District 6, the Welfare-to-Work program, the Waste Control Department, the Purchasing Warehouse, the Bridge Crew Building and the Construction Department. This fire both disrupted the operation of the Welfare-to-Work program and destroyed records of the Welfare-to-Work program.

RESPONSE TO AUDIT

1. Audit: Personnel costs of \$1,837.00 were improper

Madison County has been unable to confirm that the questioned costs of \$1,837.00, in fact, were paid for a period of time prior to October 1, 1999, the date the WtW grant began. No payment from WtW funds should have been made to any employee for a time period prior to October 1, 1999.

2. Audit: Equipment purchases of \$43,553.00 were unallowable

a. \$14,533.00 for the unauthorized purchase of a van

Vans for the program were competitively bid and purchased. \$14,533.00 remained after purchase of the fourth van. Additional transportation was sorely needed. The WtW program purchased a fifth van using \$14,533.00 remaining in the WtW budget for vans along with additional funds from Madison County. Even with the purchase of the fifth van there was not sufficient transportation to meet the needs of the WtW program. Two automobiles, one on a full time basis, the second on a part time basis, were provided to the WtW program by Madison County. Although the fifth van was purchased without the required prior approval of the ETA's Grant Officer it is unquestioned that the fifth van was vitally needed, used exclusively in the WtW program and was purchased within the amount budgeted for vans in the grant. It would be unfair to recover from Madison County the cost of a van which has been used for the duration of the WtW program.

- b. \$29,020.00 for computer equipment that was improperly procured

Invitation For Bid No 99-176 was issued by Madison County for computer equipment for the Welfare-to-Work Program, in compliance with the Alabama Competitive Bid Law. Eight bidders responded to the IFB. The bids were opened on November 23, 1999. Three out-of-state bidders were erroneously rejected for their failure to include non-resident bidder forms in that this contract was to be funded with funds received from a Federal agency. These forms are required under Alabama law. Of the remaining five bidders, three were rejected for failing to submit a bid bond. The remaining two bidders either did not meet specifications or did not submit a bid for all items in the IFB. The Madison County Commission rejected all bids at its meeting held on December 3, 1999.

Madison County Commissioner Prince Preyer gave instructions that the computer equipment was to be re-bid. Through a misunderstanding of Commissioner Preyer's instructions, a consultant for the Welfare-to-Work Program believed that because there was no responsive bidder, the Welfare-To-Work Program could negotiate for purchase of computers. This is permissible under the Alabama Competitive Bid Law when there are no responsive bidders. The consultant assumed that negotiations should not be conducted with the three "disqualified" out-of-state bidders. Of the two local bidders who bid for all items but whose bids were rejected for no bid bond, one was a bidder with whom there had been problems in regard to computer equipment. The remaining local bidder, Tek-

Write, had been rejected because it had not submitted a bid bond and it did not specify the GB hard drive for the removable disk drive as specified in the bid. The computer equipment was purchased from Tek-Write, has been received and is in use. The price paid to Tek-Write was only \$786.00 greater than the other local bidder.

It is unquestioned that the computers were vitally needed, used exclusively in the WtW program and were purchased within the amount budgeted for computers in the grant. It would be unfair to recover from Madison County costs of computers which for 30 months have been used in the WtW program.

3. Audit: "Consultants' Cost Were Improperly Charged to the Program"

The audit states that the four consultants improperly charged the WtW program \$93,133.00. The charges regarding the consultants fall into four categories:

- (a) daily limitations (\$400.00) on amounts the consultants could charge the program were not observed;
- (b) the consultants were paid for services before their contracts were executed;
- (c) the consultants were paid for services outside the scope of the contracts; and
- (d) some consultants were reimbursed for expenses not authorized in their contracts.

In addition, the audit charges that Dr. Alfred A. Jarrett billed \$1,000.00 for the same time periods and billed \$350.00 to two programs for the same time period.

- (a) The daily limitations (\$400.00) on amounts the consultants could charge the program were not observed

The charge that daily limitations (\$400.00) on amounts that consultants could charge the program were not observed will be addressed as to all of the consultants. As discussed in the PROBLEMS on page 3 above, no Executive Director was employed by the program until December 20, 1999, and two separate Executive Directors were employed between December 20, 1999 and December 31, 2000. Because there was no Executive Director and due to the change in Directors it was necessary to rely much more heavily on consultants than originally anticipated. Beginning with the billing for the period beginning September 2001 the \$400.00 per day limitation has been strictly enforced. Even though the \$400.00 per day limitation may have been exceeded the total payments or compensation which has actually been paid to any one of the four consultants has not exceeded the total amount set out in the grant application and set out in their contracts.

- (b) The consultants were paid for services before their contracts were executed

This charge will be addressed as to all four of the consultants. The consultants and the services which they were to provide were identified in the grant application which was submitted on April 26, 1999. When the grant was awarded, the consultants began providing these services to the WtW program. As

discussed above, due to the lack of an Executive Director, formal written contracts were not entered into with the consultants at the beginning of the program. Draft contracts were circulated early in the year 2000 and final contracts were completed in March 2000. The formal contracts were submitted to and approved by the Madison County Commission on April 7, 2000. The signed copies of the contracts are not dated. It was the intention of the Madison County Commission that the contracts should cover all services rendered by the consultants from the inception of the grant on October 1, 1999. The audit points out that three invoices submitted by Dr. Jarrett were not prepared in accordance with the terms of Dr. Jarrett's formal written contract. The draft audit also points out that these three invoices were submitted prior to the execution of Dr. Jarrett's formal written contract. After the execution of the formal written contract all invoices submitted by Dr. Jarrett contained the detailed information required by the contract.

- (c) The consultants were paid for services outside the scope of their contracts

The audit contends that Dr. Jarrett billed \$20,932.00 for unauthorized services that did not benefit the WtW program and that Dr. Abdul R. Jalloh was paid \$1,925.00 for services not benefitting the WtW program. The decision as to whether specific services rendered by Dr. Jarrett and Dr. Jalloh "did not benefit the WtW program" is a highly subjective decision. With all due respect to the auditors, it would seem that this is a decision more properly

made by the grant officials with the Employment and Training Administration.

Dr. Jarrett's contract was submitted to the DOL GOTR, Mary Evans, in July 2000 for review. The program did not receive feedback from the GOTR of any non-compliance or stating that "solicitation of funds" is not an allowable cost. In the Grant Application, Dr. Jarrett is described as participating in "program design and implementation." Grant writing/grant proposal is a form of program design. Dr. Jarrett has written grant proposals which will allow for the program's self-sustenance during and after the DOL funding ends. The word "solicitation" may have a different definition and/or interpretation, but the activities performed so far by Dr. Jarrett are financial self-sustenance related such as: securing funding from "Federal, Statewide or Local sources to ensure that the Working Connection has a funding base after the WtW grant ended."

Tommie Lockhart, the Working Connection Director at the time, approved the National Tracking Directory compiled by Dr. Jarrett and Dr. Jalloh. The Directory is a resource document that helps to locate agencies in Madison County and beyond that are capable of providing services to NCPs in the program. The Directory is used solely for this purpose.

Any monies paid Dr. Jarrett for the same time periods or where two programs are billed for the same time period should not have been paid. Demand is being made of Dr. Jarrett to pay back these payments.

- (d) Some consultants were reimbursed for expenses not authorized in their contracts

Although Dr. Jarrett's consulting contract does not specifically provide for reimbursement of travel expenses, travel expenses were included in the budget in the Grant Application.

Dr. Sylvanus S. Ogburia's contract

With regard to the contract with Dr. Ogburia, please see the correspondence between the Madison County Attorney and Dr. Ogburia attached under Tab A. Dr. Ogburia has been advised to seek a retroactive modification of his contract.

Thomas Colvin's contract

Brochure development and computer lab setup are within the scope of Mr. Colvin's contract. The brochure was developed as a handout for potential participants who are interested in commercial art education to give them an idea of the subjects that will be covered in the art seminars. It was also to be used as a marketing tool to attract participants into commercial art education.

Colvin intended to teach participants commercial art education by using computers to create images and graphic designs. Modern art education is taught through computers using the appropriate software. The computer lab had to be setup in order for participants to acquire the appropriate art education to make them professionally competitive in the modern art profession.

4. Audit: Several Contractors' costs totaling \$205,835.00 are questionable
 - a. COARMM charged the WtW program \$29,000.00 for in-kind services

Per the Memorandum of Understanding (MOU) COARMM complied with the in-kind contributions in the areas of mentoring, tutoring, and coaching. The COARMM staff and especially the Director, Earnest Starks, spent countless hours working with the case managers during the intake process coaching and mentoring participants. Some participants had not given thought to taking the GED after having been out of school for years.

Many of the participants hesitated or were very reluctant about agreeing to participate with any "ghost" support system, that is, a system of which they had no knowledge. They were the victims of several other community programs before the WtW program that promised support and resources but failed to deliver in helping them to become self-sufficient. Staff members of COARMM worked with participants on a weekly and sometimes daily basis discussing the advantages of the WtW opportunity, encouraging them to make a better choice today that would positively effect them for the rest of their lives. In-kind contributions to the WtW program by COARMM were conducted per the MOU.

The personnel turmoil, constant turnover of case managers (six in less than 9 months), absence of a Director and Assistant Director for a period of time affected the overall implementation of the program, decreasing the possibility of accomplishing performance goals established in the grant. In order to improve

achievement of performance goals a strategy was implemented to increase the program numbers. Two individuals were recruited and paid (See checks under Tab B) to work with the Court System to assist in increasing the number of Non-Custodial Parents through referrals. This technique was very effective. (See List of Court Referrals under Tab C) More than one hundred Non-Custodial Parents were referred through the Madison County Court System.

Neither the COARMM Program or any of its staff members received any of the \$29,000 for "in-kind" services or for any other services rendered. All the funds were used to recruit Non-Custodial Parents for the WtW program.

- b. Perfection Plus Business was improperly paid \$4,822 by the WtW program

The Alabama Competitive Bid Law does not require competitive bidding on expenditures involving funds less than \$7,500.00. The transaction with Perfection Plus Business was an arms-length transaction. There is no evidence that the monies paid for the design and printing of a multi-color promotional brochure were excessive. The transaction did not conflict with the Alabama State Ethics Law. The employee who was associated with Perfection Plus Business was not employed by the WtW program and there is no evidence that the employee used her position for personal gain in violation of the Ethics Law.

- c. Huntsville Rehabilitation Foundation (HRF) improperly charged the WtW program \$25,963 for services

WtW participants did not receive "excessive" job coaching services. The intent of the three levels of job coaching must be

first understood. The specific number of days to be provided to all WtW participants as noted in the grant is clearly a benchmark as the needs of any given participant is an unknown variable. Some participants need less than the grant outlines and some participants need more. To provide job coaching when not needed or to provide less job coaching than is needed would be both unethical and inappropriate. The total amount of money earmarked for job coaching was not nearly reached. The intent of the three levels of job coaching was not to spell out the actual amount of job coaching to be provided but to provide estimates of the actual need to allow for funding approximation. Never were the three levels of job coaching intended to be absolutes. Per the grant, the employer and WtW personnel ultimately decide the need for job coaching. The number of days provided has always followed this provision. All job coaching in question was pre-authorized by WtW personnel, provided and then reported on per WtW requirements. These documents are available for review.

- d. Two colleges charges the WtW program \$146,050.00 without providing adequate documentation of activities

Alabama A & M University: The Alabama A & M University Welfare-To-Work Student Case Workers Daily Time Sheets indicating total numbers of hours worked per week, where they worked and what services they performed for the Welfare-To-Work program were destroyed in the March 11, 2001 fire described above. Daily Time Sheets were monitored and highly emphasized to ensure that 20 hours each week was completed by the student or made up before the

end of the semester. Make up hours were authorized after duty hours and weekends (See Guidelines for Interns and minutes of Working Connection Meetings under Tab D).

There have been no Alabama A & M University student case workers since the Spring Semester 2001. There is a difference between college students who are interns doing field study which are not paid and college students who are Welfare-to-Work case workers who are paid. Madison County contacted Alabama A & M University in an attempt to get copies of Welfare-to-Work case workers' daily time sheets. Attached under Tab E are Alabama A & M University's Social Work Department weekly field practicum activity report sheets that Alabama A & M students used and submitted to the graduate field supervisor. These documents are only a sample to show the type of documentation that was maintained. Some of these forms are from students who were only interns doing field study. Others are for students who were both interns doing field study and were Welfare-to-Work case workers.

COARMM has several programs for college Intern Students to conduct Field Study and conduct tutoring as a community service as part of their graduation requirement. Some of the Welfare To Work Case Workers also did their Student Internship at COARMM before, during or after a semester of working with the Welfare -To-Work program. None of the WtW Student Case Workers were authorized or approved to conduct tutoring services at any of the assigned schools, agencies, churches, or after school facilities. Student Case Workers have never been asked to perform tutorial services.

Student Case Workers were assigned to assist in researching for funding opportunities for the self-sustenance of the Program. This was based on the program administrators understanding of self-sustenance (writing grants to sustain the program after the grant end).

Oakwood College: The Student Case Worker's Daily Time Sheets indicating total numbers of hours worked per week, where they worked and what services they performed for the Welfare-To-Work program were also destroyed in the March 11, 2001 fire. Attached under Tab F are sample copies of the Oakwood College Student Case Workers Daily Time Sheets that were maintained by the College Field Supervisor and signed by the Welfare-To-Work Case Manager indicating total numbers of hours worked per week, where work was performed and what services were performed.

5. Audit: Fourteen percent of sampled participants were ineligible

Madison County cannot confirm that 14% of participants were, in fact, eligible because participant names and case numbers were not provided in the audit.

As to the five participants described, without names, in the Audit, Madison County Notes:

- (Third participant listed) Participant was declared ineligible for the program after confirming medical status. Individual did not receive any WtW services other than

informing the individual of other disability benefits and local resources available. Fortunately, the individual was entitled to several other benefits and more importantly other benefits were also available for his children which benefits were unknown to the individual.

- (Fourth participant listed) Alabama Unemployment Insurance Wage History Files indicate higher earnings were not within current year.
 - Payment was prorated based on six months. However, approval for school was based on interpretation of grant terminology of upward mobility to increase salary upon graduation and securing a job. After e-mailing GOTR for interpretation of regulations corrective actions were implemented immediately.
- (Fifth participant listed) Payment was prorated based on six months. However, approval for school was based on interpretation of grant terminology of upward mobility to increase salary upon graduation and securing a job. NCP unsuccessful in securing job in current field. After e-mailing GOTR for interpretation of regulations corrective actions were implemented immediately.

6. Audit: Expenditure reports were not prepared in accordance with requirements

The Madison County Commission financial records indicate expenditures were not accrued until year end. It is the policy of the Madison County Commission that accruals are prepared once a year. This practice is in accordance with government accounting policy and procedures using the modified accrual method.

7. Audit: Program performance goals have not been met

There have been a tremendous amount of positive results in terms of behavior modification, self sufficiency, and alteration of values from the WtW program. The WtW program has made a difference in several NCPs attitudes and approach to life as human beings and as parents. More importantly the program has improved not only their life style but the life style of their children. Several of the Non-Custodial Parents have made the transition from unemployment/underemployment to employment and are self sufficient.

The WtW program made some mistakes and is struggling trying to correct them to the best of the current leadership's ability to interpret the DOL Regulations and within the scope of the grant. The program has been moving in a positive direction since January of 2001:

- 213 Non-Custodial Parents (NCP) have enrolled in the program as participants since the beginning as of the Welfare-To-Work program.
- 98 NCPs were enrolled in the program before January 2001.

- The number of participants has increased from 98 to 213 in the past year. Approximately 542 leads were obtained and 444 individuals were contacted and offered the opportunity to participate in the program.
- 91 Non-Custodial Parents have been employed.
- Some \$143,138.74 has been paid as child support by WtW participants.
- 13 NCPs received services towards vocational training since January 2001. None had received this training prior to January 2001.
- Ten Non-Custodial Parents have been given the GED Test since January 2001. None had been tested prior to January 2001.
- Welfare-To-Work drivers provided transportation services for over 115 Non-Custodial Parents for job related services, job placement and vocational training to enhance upward mobility.
- The database for NCP participants was hand written from the inception of the program until July 2001. The database did not have all the information necessary to extract adequate reporting for quarterly reports, statistical studies to monitor progress, and sufficient follow-up. New WtW Case Managers literally backtracked and extracted data from previous case managers poorly documented files and built a computerized database capable of assisting in the reporting process.

- Files have been updated with constant follow-up with only two case managers with complete ISSPs.
- Attempts to correct mistakes were executed immediately.

8. Audit: Placement costs are high

Purely dividing the number of non-custodial parents who have been placed in unsubsidized employment by the total amount of money spent from the grant, placement costs are high. As discussed above, Madison County has learned that the recruiting of participants for the program and the maintenance of these participants in unsubsidized employment is much more difficult than was envisioned at the time of the grant application. Madison County suspects that this has been true in most Welfare-to-Work programs over the country. Madison County believes that the results obtained thus far in the program are substantial.

CONCLUSION

Madison County, in spite of the difficulties enumerated in this report has, in the past year, begun to achieve success with its Welfare-to-Work program. Madison County believes that it now has the capacity to administer an effective program. Madison County believes that most of the expenditures questioned in the audit arise from problems at the inception of the program or from the simple unavailability of pertinent documentation rather than

through any dishonesty or deliberate avoidance of the rules and regulations pertaining to the grant.

ADDENDUM

4.c. Huntsville Rehabilitation Foundation (HRF) Improperly Charged the WtW Program \$25,963 for Services

Payments for Individuals Who were not WtW Program Participants:

These were individuals who were part of a large pool of prospective participants referred to as LEADS. They were identified as eligible for the program according to the criteria of the grant as stated:

- (1) Unemployed, underemployed, or having difficulty paying child support obligations and
- (2) Their minor children are eligible for, or receiving TANF benefits (with a priority for parents with children who are ong-term recipients) AND

Received TANF benefits during the preceding year, OR

Eligible for, or receiving assistance under the food Stamps Program, the Supplemental Security Income (SSI) Program, Medicaid, OR the Children's Health Insurance Program (CHIP), AND

- (3) Enter into a personal responsibility contract under which they commit to cooperating in establishing paternity and paying child support, and participating in services to increase their employment and earnings, and to support their children, AND
- (4) The participant must be a resident of Madison County.

These individuals would not return telephone calls, respond to any mail and were extremely hard to locate. The Welfare-to-Work program was short of case managers and no one was available to find or locate these individuals. A decision was made to utilize the individuals at the Huntsville Rehabilitation Foundation Center to assist in locating these individuals by visiting their homes, barber shops, gymnasiums, and other places where these individuals were "hanging out." The majority of these individuals who were eventually located and informed about the program, enrolled as participants.