

October 2, 2001

MEMORANDUM FOR: JOSEPH C. JUAREZ
Regional Administrator for
Employment and Training

/s/

FROM: JOHN F. RIGGS
Regional Inspector General
for Audit

SUBJECT: Goodwill Industries of San Antonio, Texas
Technology Costs Audit
Welfare-to-Work Competitive Grant No. Y-6799-8-00-81-60
Management Letter Report No. 06-02-002-03-386

As of September 30, 2000, Goodwill Industries of San Antonio, Texas, had reported approximately \$268,000 in technology expenditures associated with its Welfare-to-Work competitive grant, approximately 7.5 percent of the reported \$3.6 million expenditures. Because of this high percentage of reported technology costs for a short-term competitive grant, we reviewed the technology costs to determine:

- ! what the costs consisted of,
- ! if proper procurement procedures were followed,
- ! if the costs benefitted the WtW grant; and
- ! if the costs were allowable.

The reported costs consisted of \$117,771 for video conferencing equipment and \$149,926 for computer-related equipment.

At the entrance conference, Goodwill officials indicated that based on the Employment and Training Administration's (ETA) grant close out instructions Goodwill determined they did not have the support for the computer-related expenditures. Consequently, they reduced the technology costs on their Financial Status Report (FSR) by \$149,926.

While Goodwill withdrew the computer-related costs from its FSR, Goodwill reported approximately \$500,000 of additional work experience costs for WtW participants that had never been reported. We did a limited review of the work experience costs. The costs appeared valid.

Based on these FSR adjustments, we adjusted our audit scope and focused primarily on the video conferencing costs to determine:

- ! Was the video conferencing equipment properly procured?
- ! Was the equipment a benefit the WtW program?
- ! How will the equipment be used after the WtW grant ends?

We concluded, the equipment was properly procured, it was used to benefit the WtW program, and it will continue to serve the WtW population after the DOL funding ends.

Audit Results

1) Procurement of the video conferencing equipment

The video conferencing equipment was properly procured and supported. Goodwill obtained three bids for the equipment purchase, ETA approved the purchase, and Goodwill selected the lowest bid. Goodwill provided billings to support the purchase.

2) Use of the video conferencing equipment

According to Goodwill officials, they used the video conferencing equipment for Career Development Training (CDT). The instructors conducted CDT at one Goodwill Center and participants at another center attended the class via the video conferencing equipment.

Goodwill did not document, per se, that participants attended the CDT video conferencing classes. In the past, Goodwill had participants sign weekly attendance sheets and placed a copy of the sheet in each participant's file. The Texas Rehabilitation Commission requested Goodwill stop this practice because the attendance sheets contained confidential information about other participants. Goodwill complied with the request and as a result did not maintain attendance class records.

For the audit, Goodwill's distance learning instructor identified WtW participants who had received CDT via video conferencing from alternative sources (such as an attendance roster and a compiled list from computer disk of participant resumes.) We could not verify that each participant identified had actually attended the CDT. However, we verified video conferencing training occurred by interviewing Goodwill staff in the field centers (outside of the main training site) and interviewing two participants who had attended CDT via the video conferencing at the Sequin site, approximately 35 miles outside of the San Antonio area. In addition, we attended a CDT class at the main center and visually observed the use of the video conferencing equipment to include two participants at a remote site.

Therefore, we obtained enough alternative evidence to accept that Goodwill used the video conferencing equipment to provide CDT training to WtW participants.

3) Future use of the video conferencing equipment

The WtW competitive grant has ended and DOL funds are no longer available to serve the WtW population. However, according to Goodwill officials, Goodwill's Board of Directors decided to continue to serve the WtW population and incorporated this decision into Goodwill's strategic plan. Goodwill provided us with an excerpt from the strategic plan as verification of that intent. Therefore, it appears the video conferencing equipment purchased with WtW grant funds will continue to be used to serve the WtW population.

Recommendation:

In order to avoid the privacy issue and still document class attendance, we recommended that Goodwill have participant sign-in sheets and store the attendance sheets separately from the participants' files.

Goodwill agreed to our recommendation. Therefore, we consider this audit closed and no further action is necessary.

cc: Emily Stover DeRocco, Assistant Secretary
for Employment and Training
John J. Getek, Assistant Inspector General
for Audit
Robert P. Dugas, President, Goodwill Industries of
San Antonio, TX