

July 19, 2005

MEMORANDUM FOR: EMILY STOVER DEROCCO  
Assistant Secretary for  
Employment and Training



FROM: ELLIOT P. LEWIS  
Assistant Inspector General for Audit

SUBJECT: Complaint Involving Adults Mankind Organization,  
Inc., Miami, Florida.  
Report No. 04-05-002-03-390

The Office of Inspector General (OIG) audited a complaint made against the Adults Mankind Organization, Inc. (AMOR), an organization that contracted with the South Florida Employment and Training Consortium (SFETC) to provide job-related services to Workforce Investment Act (WIA) participants at the Hialeah Gardens One-Stop Center in Miami, Florida. The Internal Monitoring Office (IMO) of South Florida Workforce (SFW) initiated the complaint during a review of AMOR's program activities. The complaint alleged that two AMOR employees made fraudulent and false representations about their educational background, and raised concerns about the corporate structure because corporate documents and board minutes made reference to various entities interchangeably.

Based on our audit results, we found that AMOR's Executive Director reprimanded both employees and put them on probation for 1 year, requiring them to complete their college education and obtain their college degrees. AMOR's Executive Director terminated the two employees after they failed to make progress in attaining their college degrees. We also found that AMOR had adequately addressed these concerns prior to our audit. Therefore, we make no recommendations. Concerns about AMOR's corporate structure stemming from conflicting or poor documentation were warranted. However, AMOR developed a corrective action plan that was approved by IMO. Accordingly, we make no recommendations regarding the allegation concerning AMOR's corporate structure.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The IMO of the South Florida Workforce reported the allegations in an incident report dated April 4, 2003, addressed to the Regional Administrator of the Employment and Training Administration (ETA). Our audit objective was to determine if the allegations against AMOR's employees making fraudulent and false representations regarding their educational background could be substantiated, and if concerns about AMOR's corporate structure were warranted because corporate documents and board minutes made reference to various entities interchangeably.

Our audit covered the contract period of November 1, 2002, through June 30, 2003. We examined the contracts between SFETC and AMOR, and IMO's monitoring report and its supporting working papers, including responses to IMO's monitoring report findings to fulfill our audit objectives. We discussed the complaint with the IMO Director and with AMOR's Executive Director to obtain a better understanding of the allegations. We also reviewed AMOR's personnel files to support IMO's findings and its resolution. We reviewed AMOR's two most recent Single Audit reports, covering fiscal years ended December 31, 2001, and December 31, 2002, for information that might impact our audit of the complaint. Fieldwork was conducted in Miami, Florida, at SFETC and AMOR during the period March 25, 2004, through September 23, 2004.

Our testing of internal controls focused only on those controls related to our audit objective of determining whether the allegations could be substantiated, and were not intended to form an opinion on the adequacy of management controls overall, and we do not render such an opinion. Our audit was performed in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*.

## **RESULTS**

### **Allegation 1. Fraudulent and False Representations of Educational Background**

We substantiated the allegations in the complaint that two employees made fraudulent and false representations regarding their educational background.

In the first instance, the complaint alleged that the AMOR Project Director provided a fraudulent college degree. According to SFETC's Program Directives, the Project Director position requires a Bachelor's Degree in Accounting and preferably formal course work in Finance.

During a review of AMOR's program activities, the IMO monitors determined that the Project Director's personnel file did not have evidence of a degree. AMOR's Project Director provided the monitors with a copy of a Bachelor of Science in

Business Administration - Accounting degree. However, the IMO noted that in previous bid proposals and contracts, the Project Director indicated having a Bachelor of Science in Business Administration - Management degree. Furthermore, the IMO noted the calligraphy of the diploma was of poor quality and the graduation date was suspicious. This led the IMO monitors to contact the College Registrar at Florida Memorial College where the Accounting degree was reportedly earned and determine that the degree was a fraud.

The second instance alleged that the Director at the Hialeah One-Stop Center falsified her educational background in her resume when she was promoted to the position of One-Stop Center Director and in subsequent bid proposals. Specifically, the One-Stop Center Director represented to SFETC that she held a Bachelor's and Master's degree from Barry University, Miami, Florida. According to the educational requirements in the contract, the Center Manager (same as Center Director) position requires:

. . . at least a bachelor's degree in business of public administration or a related field and at least two years experience managing similar organizations.

The IMO monitors noted that the One-Stop Center Director's resumes on file with AMOR fluctuated between having and not having the Master's degree, and between having a Bachelor's and an Associate's degree. The One-Stop Center Director subsequently admitted to IMO monitors that she did not have either a Bachelor's or Master's degree.

IMO monitors notified SFETC officials and AMOR's Executive Director of their finding. In response, AMOR's Executive Director reprimanded and placed on probation for a period of not less than 1 year both the AMOR's Project Director and the One-Stop Center Director. Additionally, AMOR Project Director and One-Stop Center Director were required to obtain their college degrees. When AMOR's Project Director and the One-Stop Center Director failed to make progress towards attaining their college degrees, AMOR's Executive Director terminated both employees effective May 9, 2003, and June 18, 2003, respectively.

According to the IMO Director, IMO audit department performed a personnel review of all One Stop and Youth Opportunity Center provider staff. This involved verifying their educational background as established by SFW policy. The review did not indicate other instances of falsified educational documents. Also, quarterly staffing reports of One Stop providers are monitored in order to determine if any additional review is needed of new staff.

We conclude the allegations were substantiated. However, since the two employees have been dismissed and a monitoring procedure is in place, we make no recommendation.

## **Allegation 2. Concerns About AMOR's Corporate Structure**

The complaint raised concerns about AMOR's corporate structure because documents and Board minutes made reference to various entities interchangeably. IMO monitors identified three corporations during their review. These three corporations were:

1. Adults Mankind Organization, Inc. - AMOR  
(Adult Mankind Organization, Inc. - AMO)  
(Adults Mankind Organization – Programs, Inc.)
2. Adult Mankind Organization – Educational Division Inc.
3. Adult Mankind Employment and Training Corporation

AMOR was referred to by different names on various documents and the contracts between AMOR and SFETC. IMO monitors also noted the inconsistency in AMOR's legal name as it appeared in the certificate of incorporation (Adults Mankind Organization, Inc. - AMOR) and the entity's name in the contract (Adult Mankind Organization, Inc. - AMO) with SFETC. An IMO monitor's report, dated April 21, 2003, stated:

. . . this created a great deal of confusion due to conflicting or poor documentation concerning the various entities.

In a letter dated April 8, 2003, AMOR officials addressed the issue of AMOR's corporate structure and explained that "Adults Mankind Organization, Inc.," is the official corporate name of the organization and is the same as Adult Mankind Organization, Inc. – AMO. With regard to the other two corporations, AMOR officials stated that the corporation, named, Adult Mankind Organization – Educational Division Inc., was incorporated in 1997 to administer and operate schools, and had no involvement/negotiated contracts with the SFETC; and the corporation named Adult Mankind Employment and Training was considered "Inactive."

Regarding other documents and board minutes, AMOR's Executive Director stated that he advised AMOR's Board members that the minutes must reflect the organization's official name, AMOR. On May 1, 2003, SFETC amended the original contract and changed AMOR's name to reflect the name according to the certificate of incorporation.

On July 24, 2003, after reviewing AMOR's response to the monitoring report, the IMO Director approved AMOR's corrective action plan, and determined that there were no outstanding issues.

Although the allegation was substantiated, concerns about AMOR's corporate structure were addressed by a corrective action plan. Therefore, we are making no recommendations.

We provided a draft of this report to the Florida Agency for Workforce Innovations and a courtesy copy to the Florida Inspector General. Neither agency responded to the draft report. Since this report does not contain any recommendations, no response is required.