

13-C-0180

First Reading

Committee \_\_\_\_\_  
Date \_\_\_\_\_  
Chair \_\_\_\_\_  
Referred To \_\_\_\_\_

FINAL COUNCIL ACTION  
 2<sup>nd</sup>  1<sup>st</sup> & 2<sup>nd</sup>  3<sup>rd</sup>  
Readings  
 Consent  V Vote  RC Vote

A COMMUNICATION BY CITY  
AUDITOR LESLIE WARD:

SUBMITTING AN AUDIT REPORT  
REGARDING ATLANTA WORKFORCE  
DEVELOPMENT AGENCY.

Committee

CD/HR

Date

2/12/13

Chair

Action

Fav, Adv, Hold (see rev. side)

Other

Members

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)

Other

Members

Refer To

Refer To

FILED  
DEC 02 2013

- CONSENT REFER
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1<sup>ST</sup> ADOPT 2<sup>ND</sup> READ & REFER
- PERSONAL PAPER REFER

Date Referred: February 4, 2013

Referred To: CD/HR

Date Referred:

Referred To:

Date Referred:

Referred To:

Committee

CD/HR

Date

12/26/13

Chair

Action

Fav, Adv, Hold (see rev. side)

Other

Members

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)

Other

Members

Refer To

Refer To

CERTIFIED  
DEC 02 2013  
ATLANTA CITY COUNCIL PRESIDENT  
*[Signature]*

CERTIFIED  
DEC 02 2013  
Renee Doughton Johnson  
MUNICIPAL CLERK

MAYOR'S ACTION





13-*C*-0180

## CITY OF ATLANTA

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**AUDIT COMMITTEE**  
Fred Williams, CPA, Chair  
Donald T. Penovi, CPA, Vice Chair  
Marion Cameron, CPA  
C.O. Hollis, Jr., CPA, CIA  
**Ex-Officio:** Mayor Kasim Reed

**TO:** Honorable Mayor Reed, Council President Mitchell, and Atlanta City Council Members

**FROM:** Leslie Ward, City Auditor

**DATE:** January 30, 2013

**SUBJECT:** Audit Report on Atlanta Workforce Development Agency

The Audit Committee has reviewed the audit report referenced above, which was requested by the City Council at the initiative of the Community Development and Human Resources committee. The final report is in production and will be distributed on Monday, February 4, 2013 to elected officials and senior management staff, and will be available to the public. I will be available to discuss the report with you individually and in committee meetings on and after February 4<sup>th</sup>.



# CITY OF ATLANTA

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**Ex-Officio:** Mayor Kasim Reed

**TO:** Mayor Reed, President Mitchell, and City Council members

**FROM:** Fred Williams *Fred Williams*  
Chair, Audit Committee

**DATE:** February 4, 2013

**SUBJECT:** **Performance Audit: Atlanta Workforce Development Agency**

The report listed above is attached for your review. Feel free to contact Leslie Ward, City Auditor, if you have questions or want to discuss the report. The Chief Operating Officer's response, received today, is attached separately. The City Auditor will provide comments on the response upon further review.

Cc:

Duriya Farooqui, Chief Operating Officer, Mayor's Office  
Hans Utz, Deputy Chief Operating Officer, Mayor's Office  
Candace Byrd, Chief of Staff, Mayor's Office  
Katrina Taylor, Deputy Chief of Staff, Mayor's Office  
Sonji Jacobs, Director of Communications, Mayor's Office  
David Bennett, Senior Policy Advisor, Mayor's Office  
Cathy Hampton, City Attorney  
Peter Andrews, Deputy City Attorney  
J. Anthony Beard, Chief Financial Officer  
Gwendolyn Smith, Deputy Chief Financial Officer  
John Gaffney, Controller  
Deborah Lum, Executive Director, Atlanta Workforce Development Agency  
Nina Hickson, Ethics Officer  
Rhonda Dauphin Johnson, Municipal Clerk  
Tangela Williams, Director, Council Staff  
Dexter Chambers, Director, City Council Office of Communications  
Stephen Tam, CDHR Committee Analyst  
Reggie Grant, Finance Executive Committee Analyst  
Audit Committee

**Performance Audit:  
Atlanta Workforce Development Agency**

January 2013

**City Auditor's Office  
City of Atlanta**

File #12.02



## CITY OF ATLANTA

City Auditor's Office  
Leslie Ward, City Auditor  
404.330.6452

January 2013

# Performance Audit:

## Atlanta Workforce Development Agency

### What We Found

AWDA has no systematic information on performance outcomes for 88% of clients entered into AWDA's client tracking database. AWDA registers only about 12% of its clients into the state system that allows the state to monitor employment outcomes. State performance reports, therefore, are based on a small subset of clients and provide stakeholders an incomplete assessment of AWDA's effectiveness.

Because most services provided by AWDA are lower-level core services, agency spending primarily supports staff and is not tied to individual clients, which increases compliance risks. Under the federal Workforce Investment Act, core services such as providing information about job vacancies, career options, student financial aid, relevant employment trends, and instruction on how to conduct a job search, write a resume, or interview with an employer, are to be available to jobseekers meeting minimum eligibility requirements and do not require registration into the state tracking system. Unlike core services, recipients of intensive or training services are required to be registered in the state workforce system. Discrepancies between client records in AWDA's database and the state system indicate a risk that not all clients who should be entered into the state system have been entered.

State and federal auditors have also raised concerns about inability to reconcile financial information, and program reviews have questioned records documenting client eligibility. Neither the state system nor AWDA's database contains information to match expenses to clients. AWDA's inability to reconcile grant expenditures with other city reports and budgets has been a long-standing concern.

AWDA does not reliably track employers in either the state system or in its own database. The agency therefore lacks information on the extent to which employers participating in job fairs, in the city's First Source program, or in subsidized on-the-job training have hired AWDA clients. AWDA's database contains records of employment subsequent to the client's initial visit for only about 5% of clients. Because we found AWDA's data to be incomplete and partly unreliable, we conclude that long-term outcome evaluation of their current data is not feasible or cost effective.

AWDA's client tracking database stores unencrypted personally identifiable information, such as social security numbers and birth dates, which also poses significant risk.

### Why We Did This Audit

We undertook this audit at the request of the Atlanta City Council, which requested information on the effectiveness and efficiency of the agency's operations and verification of the number of clients who use its services and receive training and job placement. City Council also requested that we review prior audits and reviews of the agency.

### What We Recommended

To reduce performance and compliance risk, the mayor and city council should consider discontinuing the AWDA; 57% of AWDA's clients over the period we reviewed lived outside of the city, and similar services are provided by workforce development agencies in Fulton and DeKalb counties and by the Atlanta Regional Commission. If officials determine that the potential strategic benefits of retaining Atlanta as a separate local workforce area outweigh the costs of fixing problems, the chief operating officer should:

- Exercise additional oversight of the agency by including AWDA in its ATLStat program, overseeing agency responses to state and federal program monitors, and following up on corrective actions.
- Work with the AWDA Board to procure a consultant to assist the agency in revising its processes to use existing systems to collect and report complete, accurate, reliable, and timely information.

If the agency continues, the chief information officer should:

- Ensure that personally identifiable information maintained in AWDA information systems is protected.

For more information regarding this report, please contact Stephanie Jackson at 404.330.6678 or [sjackson@atlantaga.gov](mailto:sjackson@atlantaga.gov).



# CITY OF ATLANTA

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Marion Cameron, CPA  
C.O. Hollis, Jr., CPA, CIA  
**Ex-Officio:** Mayor Kasim Reed

January 30, 2013

Honorable Mayor and Members of the City Council:

We undertook this audit of the Atlanta Workforce Development Agency at the request of the Atlanta City Council, which requested information on the effectiveness and efficiency of the agency's operations and verification of the number of clients who use its services and receive training and job placement. City Council also requested that we review prior audits and reviews of the agency.

AWDA provided services to 25,310 clients from July 1, 2010, through May 15, 2012. Most of these clients lived outside of the city limits. AWDA has no systematic information on performance outcomes for the majority of clients entered into its client tracking database and registers only a small percentage of its clients into the state system that allows the state to monitor employment outcomes. Neither AWDA nor the state's system ties clients to expenses or enables AWDA to reliably track employers. Also, AWDA's system stores unencrypted personally identifiable information, such as social security numbers and birth dates, which poses significant risk.

We provided a copy of the report draft to the chief operating officer, the AWDA executive director, and the chief information officer in October 2012 for review and comment. Our recommendations to the chief operating officer focus on assessing whether it is feasible to continue the AWDA, and if so, suggest increasing oversight of the agency and assisting it in devising ways to collect and report complete, accurate, reliable, and timely information. We also recommend that the chief information officer ensure that personally identifiable information maintained in AWDA information systems is protected, if the agency is to continue. We received comments from the executive director and addressed them through revisions to the draft report. A response from the chief operating officer is forthcoming.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of