

STATE OF TENNESSEE

LIMITED REVIEW OF THE
KNOXVILLE – KNOX COUNTY COMMUNITY
ACTION COMMITTEE

WORKFORCE INVESTMENT ACT
YOUTH ACTIVITIES PROGRAM

FOR THE PERIOD MAY 29, 2009
THROUGH SEPTEMBER 15, 2009



COMPTROLLER OF THE TREASURY

Division of County Audit

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December 7, 2009

To the Knoxville – Knox County Community Action Committee
Barbara Kelley, Executive Director

Honorable Bill Haslam, Mayor, City of Knoxville, Tennessee,
Mr. Joe Walsh, Director, Department of Parks and Recreation

Honorable Mike Ragsdale, Mayor, Knox County, Tennessee

As a result of allegations this office received concerning the Knoxville – Knox County Community Action Committee's (CAC) administration of American Recovery and Reinvestment Act of 2009 (ARRA) funds, we conducted a limited review of their Workforce Investment Act of 1998 (WIA) Youth Activities Program. This engagement included the review of grant agreements, interviews, the examination of time sheets, and the evaluation of policies and procedures. We reviewed a finding resulting from this limited review with the executive director of the CAC. This finding, together with our recommendation and the CAC's response to the finding and recommendation, is presented in this report.

Sincerely,

A handwritten signature in black ink that reads "Jim Arnette".

Jim Arnette, Director
Division of County Audit

cc: Virginia S. Anagnost, Chairperson, CAC Board of Directors

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For the Period May 29, 2009 Through September 15, 2009

As a result of allegations this office received concerning the Knoxville – Knox County Community Action Committee’s (CAC) administration of American Recovery and Reinvestment Act of 2009 (ARRA) funds, we conducted a limited review of their Workforce Investment Act of 1998 (WIA) Youth Activities Program. This engagement included the review of grant agreements, interviews, the examination of timesheets, and the evaluation of policies and procedures.

A finding and recommendation resulting from our limited review, together with management’s response to our finding and recommendation, is presented below.

KNOXVILLE – KNOX COUNTY COMMUNITY ACTION COMMITTEE

Background

The Knoxville – Knox County Community Action Committee (CAC) is a public agency administering federal, state, and locally funded programs that serve poor and disadvantaged people in Knox County, Tennessee. Created in 1964 by Knox County and the City of Knoxville pursuant to the Federal Economic Opportunity Act of 1964, the CAC is governed by a 30-member board of directors. Workforce Connections, a division of the CAC, administers workforce development services to citizens of Knox County. Workforce Connections administers the WIA Youth Activities Program, a program funded by the American Recovery and Reinvestment Act of 2009 (ARRA). This youth program provides summer work for economically disadvantaged youth.

FINDING 09.01 **THE KNOXVILLE-KNOX COUNTY COMMUNITY ACTION COMMITTEE HAD DEFICIENCIES RELATED TO THE ADMINISTRATION OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS**

Workforce Connections, a division of the CAC, subcontracted with the City of Knoxville Department of Parks and Recreation to provide worksite supervision for a youth summer work program. Due to the CAC’s and specifically Workforce Connection’s lack of management oversight, City of Knoxville employee worksite supervisor, Sanford Smith, directed youth participating in the program to perform unsupervised work on personal property he owned during the summer work program. These youth workers were assigned to a mobile work crew responsible for the maintenance of city parks and the preparation of city parks for various events. Sanford Smith admitted to this abuse of youth labor during an interview with investigators from the City of Knoxville. Questioned costs associated with this mobile work crew totaled \$12,800.87. The following deficiencies contributed to these questioned costs:

- A. The CAC did not provide the worksite supervisor with a supervisor's manual. The CAC requires supervisors of program participants to receive a Workforce Connections Youthworks supervisor's manual that outlines the policies and procedures related to the program. Each supervisor is required to sign a receipt acknowledging the manual has been reviewed. However, the CAC was unable to provide us with a signed acknowledgment that Mr. Smith had received and reviewed the manual.
- B. Timesheets did not accurately reflect actual time worked. Instead, timesheets were prepared prior to time being worked. Timesheets were signed in advance by the participants prior to the beginning of the pay period. The youth participant's manual and the supervisor's manual provide that participants are to sign-in and sign-out on a daily basis, and that timesheets are to be completed and signed by both the participant and the supervisor.
- C. The worksite supervisor allowed a youth worker to drive the youth's personal vehicle from one worksite to another. According to the youth participant's manual and the supervisor's manual, "Older youth ages 18-24, may only drive vehicles if approved in the Worksite Agreement." However, the worksite agreement for the particular worksite in question states that transportation will be provided.
- D. In some instances, youth workers were left unsupervised. The youth participant's manual and the supervisor's manual states that, "At each worksite, a supervisor is available to youth participants at all times."

The CAC has requested reimbursement of \$12,800.87 from the City of Knoxville, Department of Parks and Recreation for the questioned costs. The City of Knoxville has concluded its own investigation into these allegations and has agreed to reimburse the CAC for the questioned costs. This matter will also be communicated to the Recovery Accountability and Transparency Board for the reporting of ARRA related issues.

RECOMMENDATION

CAC should provide adequate management oversight and implement internal controls to ensure that subcontractors comply with the policies, procedures, and program guidelines.

MANAGEMENT'S RESPONSE

Management of the CAC concurs with the finding and recommendation. We will implement additional internal controls to ensure that subcontractors adhere to the policies and procedures that are in place.