
CAPTE Program Year 2020 and 2021 Fiscal Review

MARCH 2021

Workforce Development Division

Department of Commerce

Authored by Tammy Wilkinson

Program Years 2020 and 2021

July 1, 2020 through June 30, 2021 and July 1, 2021 through current date

On January 26, 2022, Tammy Wilkinson, WD Division Director, received an email from Stephen Smith, Employment Service Director, requesting a meeting to discuss two items concerning CAPTE local area. One of those items was a formal complaint about the local area having “no training funds are available right now” for participant training services. As the One-Stop Operator and the WIOA services provider in five of the six counties of CAPTE, Alabama Department of Labor has the authority to know what the WIOA budget is for training services for participants.

Also, Ms. Melody Whitten, a CAPTE Board member, met with Tammy Wilkinson on February 1, 2022 to express her concern and file a complaint about the lack of training funds available for participants. According to Ms. Whitten, the CAPTE Board has not been given any information or explanation as to where the funds were used and why there are none available for participants.

After receiving the formal complaints as well as other numerous comments and verbal complaints about the local area not serving participants, it was determined that a fiscal review of Program Years 2020 and 2021 was required. Tammy Wilkinson, WD Division Director, and Kivondra Rivers, Accounting Manager, scheduled the fiscal review to be held at the Jefferson County Courthouse with the Community & Economic Development Division Accounting staff on February 16 – 17, 2022. A letter was sent to Mr. James Stephens, President of the Jefferson County Commission, to inform him of the complaints and the impending review and to request documentation be available upon arrival. The letter was emailed on February 4 at 2:30pm to James Stephens and a copy to Ed Castile, Keith Strother, Octavia Henry, Frederick Hamilton, Nigel Roberts, Jan Dame and Greg Canfield. No acknowledgement was received from any CAPTE representative. On February 15, Kivondra and Tammy conducted a Teams meeting call with Keith Strother and Octavia Henry to verify 1) they had received the letter regarding the fiscal reviews, 2) to ensure the documents would be available for review, and 3) they were aware of the policies guiding programmatic and administrative funds usage. Both Keith and Octavia indicated they knew those policies.

Findings included the following:

- Overage of administrative costs
- Failure to use program funds appropriately
- Excessive staff costs
- Failure to adhere to state policies guiding program funds GWID 2019-06
- Failure to adhere to WIOA fiscal procedures & CFR 683.205 (2)
- Misuse of program funds

CAPTE Received for PY2021

Adult	\$1,313,318	Dislocated Worker	\$2,508,711	Youth	\$1,249,865	
10% Admin -	131,331		- 250,871		- 124,986	= \$507,188
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	1,181,986		2,257,840		1,124,879	
50% direct	590,993		1,128,920		562,439	= \$2,282,352
Services						

The other 50% may be used to cover costs associated with the direct provision of workforce services including services to participants and employers. These can include career services, business services for employers, continuous improvement activities, tracking or monitoring participants and performance, etc. Personnel cost of staff who perform both admin functions and programmatic services can be allocated to the benefitting cost categories. Some staff can be charged directly to program costs if they are providing direct services to program participants. However, according to CAPTE Budget cost sheets Keith provided to Tammy via email, it shows Program Overhead Salaries, Taxes & Benefits = \$1,200,000. (See attached Budget sheets). CAPTE has \$507,189 available for administrative functions, overhead, rent, salaries, etc. CAPTE budget shows \$630,850 which exceeds the amount allowed (10%). When asked about the budget, Octavia stated that she must pay staff first before participant services can be funded.

The WIOA law, rules and regulations and Commerce Fiscal Procedures Manual only allows 10% of each fund stream to be used for administrative costs each program year. CAPTE has excessive administrative costs which indicates that they are not abiding by the 10% rule, 2CFR 683.205 (a)(2).

State issued a policy (Governor’s Directive PY2019-06) that states “Governor Ivey will ask each workforce region ... to incrementally increase the percentage of WIOA funds used directly on job training over a four-year period beginning ... with the Alabama 2020 State WIOA Plan, Local Areas will increase their job training funding level as follows:

- Year one (PY20) at least 45%
- Year two (PY21) at least 50%
- Year three (PY22) at least 55%
- Year four (PY23) at least 60%

The Local area must set aside the funds for direct participant services before paying any program expenditures to ensure they are following the required policy. CAPTE has failed to follow state policy regarding direct participant training expenditures. The Budget sheet indicates that \$379,682 is in the budget for PY20 but the budget is for PY21/22. The staff salaries are excessive when local area career centers have served 0 to date in OJTs for PY21. They have served 72 with ITAs in PY21. CAPTE has 14

program staff in Birmingham Career Center alone. ADOL has 10.5 staff in the other 4 Career Centers. CAPTE also has 5 Admin staff. Staff should not be paid when participants are not being served, case management activities are not being conducted, and

CAPTE paid 5 entities to publish an RFP legal ad in newspapers. Invoices from Alabama Media Group, Blount Newspaper, Daily Mountain Eagle, and Clanton Newspaper in the amounts of \$297.57, \$261.95, \$440, \$308.13 and \$2,021.45 for a total of \$3,329.10. Costs should be deemed reasonable and necessary. 2CFR 200.403 (a). Newspapers are an outdated method of searching for vendors to provide WIOA funded services. Requests for proposals (RFPs) should always be promoted using websites, social media, local or national associations, and any other type of online media. Also, CAPTE purchased an ad for CAPTE from Birmingham Business Journal for \$5000. Any type of marketing must promote the services of the Career Centers to individuals who would need services and not the Local Area. Also, adequate documentation must demonstrate the need for the cost/expenditures.

- Failure to recoup WIOA funds
- 3 contracts with 0 participants and 8 invoices were paid

CAPTE contracted with I Am Bham, Inc. for Youth IT training, contract number 04401524, for the period of 7/1/2020 through 6/31/2021. This was an out of school program for cost \$400,600 to be paid from PY20 youth funds. I Am Bham, Inc. served 0 youth participants under this contract. CAPTE paid \$24,578 to I Am Bham.

I Am Bham, Inc.
1500 1st Avenue North, Suite 73
Birmingham, AL 35203

CAPTE contracted with Raleigh's Place for youth services, contract number 04400701 for the period of 8/19/2020 to 6/30/2021. This was an out-of-school youth contract for \$50,000 to serve only 5 youth participants. The cost per participant equals to \$10,000, which is not reasonable or necessary. CAPTE paid \$20,053.29, 7 invoices and served 0 participants.

Raleigh's Place
346 County Road 1028
Clanton, AL 35046

CAPTE contracted with Workshop Inc. for youth services, contract was not entered into AlabamaWorks! For tracking participants. CAPTE paid \$26,821.50 and 0 participants were served.

Workshops, Inc.

4244 3rd Avenue, South
Birmingham, AL 35222

All of the invoices on for the above-mentioned agreements were for staff salaries and benefits and mileage. WIOA is federal dollars to be used to directly serve participants. Since no participants were enrolled in any of the three programs, these funds must be paid back by the entities to CAPTE or by Jefferson County/CAPTE to the state. CAPTE is required to monitor programs/subrecipient agreements to ensure participants are enrolled and eligible and that expenditures are reasonable and necessary for the operation of the program.

- Paying invoices after the expiration of contracts; Contracts expired on 6/30/2021 and 7 months of invoices paid after the expiration

Jefferson State Community College's contract with CAPTE, contract number 04401523 for the period of 7/1/2020 to 6/30/2021. The contract amount is \$358,076.50 for program year 2020. This contract expired as of June 30, 2021. This contract was not modified to extend nor a new contract written and approved. There were several issues with this contract and they are as follows:

1. 7 invoices (July 2021 – January 2022) were paid to Jefferson State after the expiration of the contract. Contract expired on 6/30/2021.
2. The invoices were coded using Program Year 21 funds which is not allowed since this is a PY 20 contract and has not been extended to include PY21 dates or funding.
3. Attention to line-item detail needs to be adhered to. On several invoices, funds were listed on the OJT line item and this is not allowed for this contract. These would be disallowed costs.
4. Also, background checks were not listed in the budget. These are allowable but since they are not included in the budget, these would also be disallowed costs.
5. When checking participants, services are not linked to the provider in AlabamaWorks!. All services that are provided by a youth program must be associated/linked to that provider.

Jefferson State has 18 youth enrolled for PY20 contract for a cost of \$19,893.14.

- CAPTE has a fully signed and executed agreement with ADOL for \$500,000 with \$0 funds allocated/budgeted

CAPTE entered into a subrecipient contract with Alabama Department of Labor for \$500,000 for PY21 (7/1/2021 – 6/30/2022) and ADOL is to provide the contract and payment mechanism for On-the-Job agreements in the CAPTE local area. It usually takes at least 6 months for a contract to make it through the Jefferson County Commission meeting and approval process. \$450,000 of the agreement is to pay for OJT trainee/participant wages directly to employers and \$50,000 is for career center staff

to administer the contracts and OJT invoices from employers. ADOL has been invoicing against the staff line item in the agreement and has been paid. Octavia stated that there is \$0 to fund the \$450,000 portion of the ADOL agreement. This is a fraudulent contract when it is unfunded. Staff should not be paid when OJT agreements are not being written and no case management activities are being conducted. It is incumbent upon the local area to monitor the program and ensure that participants are eligible and enrolled in services. Payments should not be made for staff salaries when participants are not enrolled.

WIOA funds provided from the State to the CAPTE local area must be used to provide individualized career services and education and training services for eligible individuals, whether Adults, Dislocated Workers or Youth in the Jefferson, Walker, Blount, St. Clair, Shelby and Chilton counties. These funds are to assist individuals with obtaining education, training and employment, and to help employers meet their workforce needs. Since these funds have failed to reach the intended individuals, the State is requiring the following corrective actions:

1. CAPTE Board has created a committee for Budget and Finance issues. Committee members must be trained on appropriate fiscal procedures and budget policies. Committee must be able to set the budget for WIOA funding.
2. Re-examine the admin budget and remove any expenses over the amount allowed. These expenses must be covered by another fund source. Staff costs must be reduced. Move an Accountant to Career Center to review contracts and budgets, review and pay invoices.
3. Correct the current PY21 program budget and remove any excess staff costs that exceed the current state policy of 50% allowed. The budget must indicate funds available for participant training services. Number of CAPTE staff must be reduced to minimize charges to program funds. Only staff who provide direct participant services are allowed to be directly charged to program funds. All other staff must be charged to administrative costs or allocated based on services provided.
4. Corrected, accurate Budget information must be submitted to the CAPTE Board members. The Board members must receive full disclosure of all budget information.
5. Funds must be made available for the ADOL OJT agreement and participants enrolled or staff costs must be recouped from ADOL.
6. Funds paid to the 3 contractors with 0 participants must be recouped by CAPTE. If it cannot be recouped from the contractors, then CAPTE must refund those funds to the State from non-federal funds.
7. CAPTE must immediately begin enrolling participants into Individualized Services and Training Services, which are staff assisted services to individuals who are eligible for WIOA and in need of education/training services and employment assistance.
8. Jefferson State Community College and The Dannon Project must have modifications to the PY20 contracts to extend the ending dates and add funds. If modifications cannot be written,

then new contracts must be written and approved with the beginning date of 7/1/2021. If a modification nor a new contract is completed and approved, then the CAPTE must recoup the funds paid from July 2021 through January 2022. No further invoices can be paid until a modification or contract with current dates is approved.

9. Any other issues discovered must be corrected within a specified time frame.
10. CAPTE will be placed on fiscal probation for the remainder of PY21 and the first six months of PY22. Fiscal reports must be provided to Tammy Wilkinson on a quarterly basis. Technical Assistance will be provided by the State to include training the CAPTE Board Budget and Finance committee, a monthly review of expenses, and other items deemed necessary.
11. Updates must be provided to the CAPTE Board on a monthly basis and updates must include at a minimum the number of participants served, contracts and modifications processed, and staff activities. A Cost per Participant amount needs be established by the Board and contracts must adhere to this requirement.

Signed:

Tammy Wilkinson

Tammy Wilkinson, Division Director