
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: 3

Workforce Partnership Settlement

On Tuesday, October 14, 2008, the City Council approved a payment for the first installment on a settlement between the Workforce Partnership and the U.S. Department of Labor (DOL). The City Attorney has issued a memorandum describing the settlement and the audit that led to it. Subsequently, the Partnership announced that the insurance company would pay the entire first payment, obviating the need for the payment authorized on Tuesday. However, on Wednesday, October 22, 2008, the Rules Committee will have a discussion of the governance of the Workforce Partnership and proactive steps that could or should be taken by the Partnership and/or the City on a going-forward basis. The IBA provides the following to stimulate further discussion on this item.

Audit findings and additional exposure

The memorandum from the City Attorney states that all audit findings have been corrected in accordance with the DOL's recommendations. The IBA suggests that more information be provided as to the remediation of the items. Furthermore, can the City be confident that the proper controls are in place to ensure that no other violations may be occurring? Are there actions the City should be, but is not, taking to ensure adequate controls are in place? We understand that the audit covered a period through June 2004. Is it possible or likely that the same disallowances may be identified in future audits covering the period between June 2004 and June 2008 (the date of the DOL's Final Determination Letter on this audit)?

Governance

Is there cause to revisit the governance structure of the JPA? What options are there to continue the program effectively? Should the City Council provide for more oversight of this entity, such as insisting on more communication/notification requirements, having an annual report come forward to a committee or the full Council, and/or reinstating joint counsel as called for in JPA? What kind of actions is the Board of Directors of the Partnership planning to take, and what kind of oversight is the jurisdiction of the Consortium Policy Board (the JPA) vs. the Partnership's Board?

The IBA suggests that the parties engage in a discussion of any additional liability and recommended proactive next steps to protect the City and ensure the effective implementation of Workforce Investment Act programs.

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