



MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT

BIENNIAL PERFORMANCE AUDIT REPORT

Fiscal Years Ended June 30, 2019 and 2018

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CITY OF BALTIMORE

BILL HENRY
Comptroller



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Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

Executive Summary

We conducted a Biennial Performance Audit of selected performance measures (see Table I on page 4) of the Mayor's Office of Employee Development (MOED) for the fiscal years (FYs) ended June 30, 2019 and June 30, 2018. The objectives of our performance audit were to: (1) determine whether MOED met its performance measure targets; and (2) evaluate whether MOED has adequately designed internal controls related to the selected performance measures.

According to the FYs 2018, 2019, 2020, and 2021 Agency Detail Board of Estimates Recommendations (Budget Books), except for Service 796, Number of Ex-Offenders Who Received at Least One Service and Obtained Employment, MOED met two of the three selected performance measure targets for both FY 2019 and FY 2018. The Department of Public Safety and Correctional Services (DPSCS), the funder, and the BBMR have established different goals for this performance metric. Although MOED consistently meets the target of 400 ex-offenders stipulated by the agreement between MOED and the DPSCS, it did not meet the Bureau of Budget and Management Research (BBMR) established target. The BBMR has set the target higher than the DPSCS target of 400 ex-offenders. The BBMR acknowledges that those targets may be unattainable. Missing unrealistic targets are typically not researched for why they were missed and therefore not improved. In this case, meeting the funder's goals is all that is monitored.

We evaluated the processes and the design of internal controls for the selected performance measures. To continue improving the City of Baltimore's (City) data security, security-related recommendations were communicated to the appropriate MOED and the City personnel in the *Confidential Management Comment Limited Use Letter: Mayor's Office of Employment Development Biennial Audit for Fiscal Years 2019 and 2018*. The security related recommendations are omitted from this public report. The decision to exclude this information is based on *Government Auditing Standards*, July 2018 Revision, Sections 9.64 - 9.66, *Reporting Confidential or Sensitive Information*.

Biennial Performance Audit Report on Mayor's Office of Employment Development

To improve the accountability of the performance measures, we recommend the Directors of MOED and BBMR implement the recommendations made in this public report and the *Confidential Management Comment Limited Use Letter: Mayor's Office of Employment Development Biennial Audit for Fiscal Years 2019 and 2018*. Management responses to this public report are included in the Appendix I.

We wish to acknowledge MOED's cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA City Auditor
Baltimore, Maryland
December 9, 2020

Background Information

I. Mayor's Office of Employment Development

The MOED empowers and assists City residents to become successfully employed. It provides all residents with easy access to employment and training services, and targeted populations with intensive services that address multiple barriers to employment. The MOED develops partnerships with businesses, educational institutions, government agencies and community-based organizations to achieve its mission.

The MOED receives about half its funding from the federal government, including Workforce Innovation and Opportunity Act (WIOA) funds which support services to low-income and other targeted populations. WIOA-funded activities include: job placement, computer literacy, career counseling and skills training services for adults; re-employment training assistance for dislocated workers; career development, remedial education and skills training for in-school and out-of-school youth; and business partnerships that facilitate development of the City's skilled workforce.

Additional local and State funding sources support Career Center Services for ex-offenders, the Youth Works Summer Job Program, and Baltimore City Public Schools' Alternative Options Academy for Youth.

II. Services

The MOED has multiple services; the following services are responsible for the performance measures included in the current Biennial Performance Audit.

- **Workforce Services of Ex-Offenders – Service 796.** This service is responsible for offering a broad range of services to assist ex-offenders in successfully transitioning to work, home, and community. Services include career counseling, job readiness, skills training, and job search and retention assistance.
- **Workforce Services for Out of School Youth – Service 797.** This service provides out-of-school youth and unemployed young adults access to a full range of educational, occupational, and personal support services in a “one stop” safe and nurturing environment. High school dropouts are able to build their academic skills, learn about and train for careers, and receive individualized guidance from adult members at two fully equipped Youth Opportunity Centers, one on the east side and one on the west side of the City.
- **Workforce Services for WIOA Funded Youth – Service 800.** This service, supported by federal WIOA funds, is designed to prepare economically disadvantaged youth ages 16-21 living in the City to obtain and keep a job, explore growing occupations, participate in General Educational Development classes, and tap into skills training in high growth areas.

III. Selected Performance Measures

We judgmentally selected three performance measures of MOED for review, which are summarized as follows:

Table I

Summary of Selected Performance Measures’ Targets and Actuals as Reported in the Budget Books for Fiscal Years 2019 and 2018

Service	Performance Measure	Type	2019		2018	
			Target	Actual	Target	Actual
796	# of Ex-offenders who Received At Least One Service and Obtained Employment	Outcome	450	428	500	408
797	% of Youth Opportunity Participants who Avoid Becoming Involved in the Juvenile or Adult Criminal Justice System while Enrolled	Outcome	96	97	95	97
800	% of Enrolled Youth who Earn An Occupational or Educational Credential by the End of the Program	Efficiency	60	70	60	77

Source: FY 2018, 2019, 2020, and 2021 Budget Books

Objectives, Scope, and Methodology

We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*, except for peer review requirements. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of our audit were to determine whether the MOED (1) met its performance measure targets; and (2) has adequately designed internal controls related to the selected performance measures.

The scope of our audit are three performance measures (see Table I on page 4) reported for the periods of FY 2019 and FY 2018. To accomplish our objectives, we performed the following audit methodologies:

General

- Interviewed key individuals and evaluated the design of certain: (1) internal controls such as recording, reporting, and documenting; (2) processes; and (3) procedures of the selected performance measures; and
- Identified the significant systems relevant to all selected performance measures and evaluated certain information technology controls such as data integrity and data security.

Service 796 - # of Ex-offenders who Received At Least One Service and Obtained Employment

- Did not perform tests of various records and reports to validate the accuracy of actual results presented in the Budget Books since the targets for both FYs were not met.

Service 797 - Percent of Youth Opportunity Participants Who Avoid Becoming Involved in the Juvenile or Adult Criminal Justice System While Enrolled

- Tested a sample of 30 Youth Opportunity Participants (YOPs) for each FY to determine the participants' eligibility (proof of age and residency);
- Determined that the YOPs self-reporting of whether they were involved / not involved in the juvenile or adult criminal justice system while enrolled were documented in MOED's case management system;
- Virtually observed MOED processes while in the system during our testing process; and
- Recalculated the performance measure actual amounts.

Service 800 - Percent of Enrolled Youth Who Earn an Occupational or Educational Credential by the End of the Program

- Relied on the Maryland Department of Labor's Monitoring Reports, which contains a complete programmatic review of WIOA programs (Service 800), and there were no reported findings.

SECTION I
Current Finding and Recommendation

Finding #1: Service 796 – Workforce Services of Ex-Offenders - The Number of Ex-Offenders Who Received At Least One Service and Obtained Employment – The MOED has consistently not met the targets established by City for FYs 2017 to 2019.

The DPSCS, the funder, and the BBMR have established different goals for this performance metric. The MOED consistently meets the target of 400 ex-offenders stipulated by the agreement between MOED and DPSCS. The BBMR has set the target higher than the 400 ex-offenders DPSCS target. The BBMR acknowledges that those targets may be unattainable. As shown in Table II, MOED has consistently not met the BBMR goals. Missing unrealistic targets are typically not researched for why they were missed and therefore not improved. In this case, meeting the funder’s goals is all that is monitored.

Table II

Summary of Targets and Actuals for Fiscal Years 2019, 2018, and 2017

Sources	2021 ¹	2020 ¹	2019		2018		2017	
	Target	Target	Target	Actual	Target	Actual	Target	Actual
DPSCS	400	400	400	434	400	408	400	428
BBMR	450	450	450	434	500	408	480	428

Note:¹ Actual results will be available in FY 2022 and FY 2023 Budget Books.

According to the Budget Book, “performance measures must meet the S.M.A.R.T. test.” S.M.A.R.T stands for specific, measurable, achievable, realistic and time-bound.

- Specific – Measure is clear and focused
- Measurable – Can be quantified and allow for analysis
- Achievable – The target should stretch the service to improve performance
- Realistic – The target should make sense given the organization’s fiscal constraints.
- Time-bound – There should be a clear timeframe for achieving the targeted performance

Recommendation #1: We recommend the Directors of MOED and BBMR:

- Improve the methodology to set realistic targets;
- Consider using other governmental entities with similar programs to set the targets;
and
- Establish multi-year goals (targets) and related plans to meet those goals (targets).

APPENDIX I

Management's Response to the Audit Report

Date: December 4, 2020

To: Josh Pasch, City Auditor

Subject: Management Response to Audit Report:
Biennial Performance Audit Report on the Mayor's Office of Employment Development

MOED's response to the audit report finding and recommendation is as follows:

Recommendation # 1:

We recommend the Directors of MOED and BBMR:

- Improve the methodology to set realistic targets;
- Consider using other governmental entities with similar programs to set the targets; and
- Establish multi-year goals (targets) and related plans to meet those goals (targets).

Management Response/Corrective Action Plan

Agree **Disagree**

Both BBMR and MOED agreed.

- BBMR: FY 2022 Budget published with targets based on historical performance, resource availability, and policy goals as basis.
- MOED: MOED will work with BBMR to establish a goal recommended by the state agency funding the program.

Implementation Dates

- BBMR: June 1, 2021
- MOED: December 31, 2020

Responsible Personnel

- BBMR: To be determined
- MOED: Jason Perkins-Cohen, Director, MOED