



Ricky D. Hatch, CPA
Clerk/Auditor

6 July 2020

Weber County Audit Committee
2380 Washington Blvd.
Ogden, UT 84401

Dear Committee Members:

I have completed my review of allegations of labor and procurement expenditure irregularities during the Prosperity Center of Excellence's (COE) first 12 months of operations, ended 30 June 2020. COE management and staff, as well as all interviewed personnel, were very helpful, allowing me access to their records and sharing their personal observations with me.

Executive Summary:

Complaints that I researched include:

- Reported overtime not paid in compliance with the Fair Labor Standards Act (FLSA)
- A computer purchased through the Roy Hope Center (ROAR) grant was temporarily used by an employee assigned to the Intergenerational Poverty (IGP) grant
- Employees worked on projects outside of their assigned grant. Time and Attendance reporting did not provide the ability to charge time correctly
- Employees feel pressure not to properly report their overtime and actual tasks performed
- There was inadequate training and lack of policy for new hires
- Job announcements did not properly reflect actual requirements
- Funding is inadequate to meet the needs of client participants

My interviews and research confirmed that administrative mistakes were made during this pilot period. It also confirmed that reasonable solutions were implemented within days after complaints were known. There does not appear to be any pattern of non-compliance or malicious intent to circumvent grant requirements. See Conclusions, by Complaint below.

Background:

The *Interlocal Cooperation Agreement for the Prosperity Center of Excellence* (COE) was approved in Weber County Commission meeting 25 June 2019. The COE operated as a division of the Weber Morgan Health Department (WMHD) until 30 June 2020. Two existing grants were placed under COE control:

- ROAR grant #19DWS0013, a three year grant from 1 July 2018 through 30 June 2021, for \$77,000 per year, totaling \$231,000
- IGP Plan Implementation Pilot Program grant #19DWS0053, from 1 September 2018 through 30 September 2019 for \$150,000. The first grant amendment extended services through 31 December 2019 without funding increase

Subsequent to the COE creation:

- A Housing and Homeless System Sustainability Coordinator was hired 2 December 2019 as a part of the COE
- The second grant #19DWS0053 amendment extended funding to 30 June 2020 with \$69,604 additional funding. Total grant funding for the pilot program was \$219,604.

Scope of Review:

I interviewed the following:

- Director Weber/Morgan Health Department and COE Board Member
- Director COE
- Director Weber Housing Authority
- Director Weber County Human Resources
- WMHD Administrative Services
- Homeless and Housing System Coordinator – part of COE
- ROAR – After School Improvement grant funded employee
- Intergenerational Poverty Plan Implementation Pilot Program grant funded employees (2)
- Members of the Weber County Audit Committee

I did not interview the Weber County Commissioner nor the Weber Human Services Director.

I reviewed the IGP Pilot and ROAR grant terms in detail. I reviewed the 2020 - 2022 TANF grant award including Attachment D – Appropriate Uses of TANF Funds.

I reviewed the 16 July 2019 proposal to the County Commissioners to create and hire the position for the Weber County Housing and Homeless System’s Sustainability Coordinator.

I reviewed WMHD direct COE administrative charges through MUNIS payroll records.

I reviewed COE payroll distribution charges. I reviewed the COE general ledger and budget control reports. I sampled revenue, expenditure and journal entry transactions through MUNIS account activity and project accounting applications.

I reviewed all available news articles related to formation and continuation of the COE.

Conclusions, by Complaint:

Reported overtime not paid in compliance with the Fair Labor Standards Act (FLSA)

Conclusion: True. Not fully resolved. Giving time off in a subsequent week in lieu of overtime pay is not compliant with FLSA.

Background: During COVID implementation, an IGP employee worked and reported overtime. The overtime was not authorized by the COE Director. The IGP grant did not fund overtime. The COE Director and WMHD administration discussed the related issues. WMHD administration discussed the issues with the reporting employee. A mutual agreement for time off in lieu of overtime resulted. This solution was later brought to the attention of Weber County Human Resources (HR). HR contacted the employee explaining that overtime worked and reported required payment. HR advised the employee to resubmit the timesheet in question for payment.

Recommendations:

- The COE Director contact HR on all questionable payroll and benefit issues for regulation advice.
- The WMHD and COE Directors should request training from HR for FLSA overtime regulations.
- HR should document the history of this transaction and file in the IGP employee’s employment folder.

A computer purchased through the ROAR grant was temporarily used by an employee assigned to the IGP grant

Conclusion: True. Resolved.

Background: ROAR funds were used to purchase a new laptop computer late 2019. IGP funds were used to purchase two laptops early 2020. Upon delivery, the ROAR laptop was given to an IGP employee, with intent to swap out when the IGP computers were delivered. Isolation during COVID implementation prevented the swap. WMHD discovered the situation and advised the COE Director that equipment purchases are grant specific and can, and probably will, be traced by serial number to users by external auditors. The computers were swapped immediately.

Recommendation: The COE Director should ensure that grant funds be exclusively used for specific grant expenditures, compliant with grant regulations.

Employees worked on grant issues outside of their assigned grant. Time and Attendance reporting did not provide the ability to charge time correctly

Conclusion: Unclear. Not resolved. See recommendations below.

Background: The three primary focuses of the COE: IGP, ROAR, and Homelessness/Housing, overlap in purpose and outcome, but not in funding. When this overlap exists, an allocation matrix is usually implemented to charge various programs proportionately for single expenditures. The perspective related to grant compliance is different for each of the individuals I interviewed. For example, an IGP employee helped with a ROAR family that was transitioning over to IGP. IGP funded this time. There was some question in the employee's mind that this should have been funded through ROAR. Another example involves an IGP employee that was not assigned directly to families but helped instead to develop a reporting matrix for outcome recognition that helped both IGP and ROAR. This was funded by IGP only. One IGP resource coach was assigned as the direct contact for all 35 families being assisted on the first grant. A second resource coach was hired after a rapport was established between the families and the first resource coach. The new resource coach was assigned to back up the direct coach, help find and coordinate support services, and especially help in the development of a reporting matrix and statistical data collection. There is concern that this was an improper use of the second resource coach under the grant. Additionally, these duties are not compliant with the job announcement. After reading the provisions of the grant, I conclude that the assignments are compliant. The job announcement vaguely addresses these duties. Educating the employees on grant provisions and how their assignments comply with intent would help this condition.

Recommendations:

- The Weber County Clerk/Auditor should consider expanding the time and attendance function to allow COE employees to charge time to various grants and projects.
- The COE Director should clearly explain all assignments outside of regular workload and what grant and project should be charged and why.
- The COE Director upon review of the weekly attendance reports, should challenge questionable charges and resolve the issues with the employee immediately. Both the Director and the employee should sign off on any adjustment.
- The COE Director should encourage all employees to properly charge their time to the grants and projects they serviced.

Employees feel pressure not to properly report their overtime and actual tasks performed

Conclusion: Real for them. There is no evidence that this pressure was directly initiated by the COE Director. Employees' lack of training on grant restraints and processes may contribute to this perceived pressure.

Background: I received undocumented reports about this pressure and overtime. I believe that the recommendation directly above should help with the COE Director and employee communication so that this pressure is limited and the workload can be adjusted for regular hours.

Recommendation: Same as immediately above.

There was inadequate training and lack of policy for new hires

Conclusion: All parties I interviewed agree to this. Progress continues to be made in this area.

Background: Weber County is breaking ground with all of these issues under the COE. Part of the pilot funding expectation was to create training and policy. As the work progresses, all three budgets include training. The COE Director is finding the best training for the circumstances and is committed to employee training up to the limit of funding.

Recommendation:

- The COE Director and HR should publish a new hire training manual and a policy manual for each of the prime grants and services.
- The COE Director should encourage staff to investigate their own sources of training and request the training through a formal process.

Job announcements did not properly reflect actual requirements

Conclusion: All parties agree, but do not think that this is all bad.

Background: This represents a bit of humor with each of the employees. One believes that the actual duties fit mostly in the "other duties as assigned" category. Two others said they have gone way beyond the initial job description because of the dynamic nature of their responsibilities. Most love what they do, but feel that the expectation of the job is greater than the pay for the expectations. The employees enjoy

the dynamic challenges and the tangible progress of their clients. There is a common feeling that better communication with the COE Director would help with some of their frustrations.

Recommendation:

- The COE Director and HR should review current job announcements and revise, if necessary.
- The COE Director and HR should educate employees on the job pay base using similar jobs in other governmental agencies and private companies.

Funding is inadequate to meet the needs of client participants

Conclusion and Background: Funding is limited and new money is hard to find. Because of the pressure for the programs to succeed despite limited funding, all personnel that I interviewed are trying to get the most out of what they have. More importantly, they are looking outside the grants for financial, supply, and overhead help. Each of the COE focus areas are very important to various private volunteer groups and concerned businesses. Efforts of the COE Director and staff have resulted in additional outside funding. I believe that over time, contributions will come from outside organizations and individuals to help in these Federal, State, and County programs.

Recommendation: None.

I appreciate the opportunity to be involved in such an important cause as the elimination of Intergenerational Poverty (IGP). Weber County has taken the lead in the State of Utah for this initiative. The County's success with the initial pilot grants resulted in a two-year extension of the program through Temporary Assistance for Needy Families (TANF) funding. I hope that the consideration and implementation of the recommendations in this report will contribute to the continued success of the COE.

Sincerely,

Roger K Larsen
Weber County Internal Auditor