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<b>Attachment A</b>	<b>Summary of Job Training/Placement Programs and Community Agency Contracts</b>	

<b>I. Introduction</b>
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This limited scope performance measurement assessment of job training/job placement programs and community agency contracts was made in response to a Council Ad Hoc Audit Advisory Group's request. This review was also made in accordance with our annual 2001 audit plan as reported to Council on June 27, 2000.

City Department Directors and department representatives identified the agencies and contracts to be assessed. The criteria for including an agency in our assessment was that the total of all City contracts awarded to one agency was \$30,000.00 or more and that the community agency's contracted scope of service was specifically for job training and/or placement. As a result of this process, the following seven community agencies and one City program were selected to be assessed:

**Agencies Selected for Assessment**

Community Agency	Contract #	COB Contract Amount	Total Program Dollars	Contract Period
Adelante, Inc.	4579	72,867.00	91,345.42	07/01/99-06/30/00
Asians for Job Opportunities in the Bay Area, Inc. (AJOB)	4582	150,000.00	*522,171.00	07/01/99-06/30/00
Center for Independent Living	4598	221,592.00	1,955,734.00	07/01/99-06/30/00
Inter-City Services	4611	141,229.00	637,442.00	07/01/99-06/30/00
Jobs for Homeless Consortium	4613	63,820.00	**4,497,763.00	07/01/99-06/30/00
Oakland Private Industry Council Cypress/Mandela	4758	42,000.00	314,814.38	07/01/99-06/30/00
Women's Employment Resources Corp.	4626	41,699.00	***566,193.94	07/01/99-06/30/00
First Source (City Program)	N/A	N/A	372,295.00	07/01/99-06/30/00

\* Reflects fiscal year end June 30, 1999.  
 \*\* Reflects fiscal year end September 30, 2000.  
 \*\*\* Reflects first 10 months of fiscal year 2000.

The purpose of our limited scope performance measurement assessment was to determine how many individuals were trained or placed by the programs. Although employment longevity was not a performance measure in the City contracts, we attempted to assess how many individuals, having been placed in a job, were still employed with the same entity one year later. We examined whether community agencies' programs and the City's program provided the types and levels of job training and job placement services required by their City of Berkeley contracts or authorized Council budgets. We reviewed the number of Berkeley residents served by the community agencies and the City operated program. We also reviewed each agency's mission statement, and various governing and organizational documents. Program descriptions are primarily based on the agencies' documents, as well as interviews.

An audit of internal controls over financial and contract performance records and reports was not performed. Financial and service performance information obtained from the agencies was not tested for reliability. No material findings for improvements specific to the agencies' performance came to our attention. However, we noted instances where reporting requirements were not clear to many of the community agencies and should be discussed, clarified, and responded to by City staff. These instances are identified at the end of this report under the heading "Summary of Findings".

Information was gathered for our report through inquiries, interviews, limited inspection of documents, limited direct testing of data, and data analysis. The review was conducted in accordance with *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States.

## II. Summary

### Performance Measures

Based on our review, the community agencies had systems in place for tracking job training and/or job placement performance measures. Their reports indicate that all clients served using City funds were Berkeley residents.

First Source, the City program, also had a system in place for tracking non-construction job placements and appeared to have a system in place for tracking construction job placements. However, the system for tracking construction job placement performance is a manual system that is heavily reliant on the memory and personal knowledge of a City employee. First Source records did not appear to allow for construction placement counts reported for FY 2000 to be independently validated using records available.

First Source did not track the number of construction placements that were Berkeley residents. In addition, First Source did not limit their services to Berkeley residents. The number of Berkeley residents served for non-construction placements was tracked. Out of 103 non-construction placements identified by First Source 57 were identified as Berkeley residents and 46 were not.

First Source staff explained that the 46 non-City residents hired were hired at Spengers. After the closure of Spengers, over 80 individuals lost their jobs. With the intercession of the City Council,

staff worked with the new owners to attempt to re-hire as many of the 80 laid-off individuals as possible. Ninety percent of the employees who lost their job were non-Berkeley residents. Of the 46 non-City residents hired, 36 were former Spengers employees. The additional 10 individuals hired were individuals who possessed specific skill required by the new owners of Spengers.

One of our audit objectives was to determine how many individuals were trained. However, except in the case of Cypress Mandela/WIST, the tracking systems of the community agencies reported the number of individual contacts, rather than the number of people served. For example, the same individual, if participating in a training program that met one hour, four nights a week, for three weeks would be counted as twelve contacts.

Based on the community agencies' systems in place, it appeared that most community agencies' programs provided the types and levels of job training and job placement services required by their City of Berkeley contracts or authorized Council budgets. Women's Employment Resources Corporation reported completing 92% of its contracted performance measures and Adelante reported completing 97% of its contracted performance measures.

Women's Employment Resources Corporation's actual figures were 8% less than planned. The Executive Director stated that for the first half of the fiscal year they did not include Cal Works participants in the figures reported to the City. They were not aware that the City allowed the agencies to include Cal Works clients who were also Berkeley residents in their reportable figures. If they had included these Cal Works clients, their reported job placement figures would increase from 21 individuals to 30 with the total contacts (2110) also increasing substantially.

Adelante met or exceeded its goals in all service areas except Citizenship Preparation. The Executive Director of Adelante explained that actual clients served were 3% less than planned clients served because the teacher supplied by the Berkeley Adult School to teach the citizenship class left the program before completion. Berkeley Adult School was unable to provide a bilingual replacement teacher to complete the course.

All of the community agencies appeared to provide services to low and moderate income Berkeley residents in compliance with their City contracts. The agencies' procedures for verifying residency varied. Some agencies, such as Inter-City Services, had the applicant complete an "Eligibility Verification Checklist" and examined documents such as the applicant's drivers license or phone bill. Other agencies, such as Jobs for the Homeless, required clients to provide a referral from an agency that provided shelter or any support services for those who are homeless. Other agencies accepted a self-declaration of income statement provided by the applicant and assessed the applicant's residency through discussions and interviews.

The auditors were impressed with the variety of community service agencies providing job training and/or placement. We were also impressed with the community agencies' directors and employees' dedication and commitment to serving their target communities.

**Summary of Agencies' Performance Measure Outputs**

<b>Agency</b>	<b>Performance Measurement Tracking System in Place</b>	<b>Met Performance Measures per COB Contract</b>	<b>Substantially Served Berkeley Residents per COB Contract Requirement</b>
Adelante	Yes	97%*	Yes
AJOB	Yes	Yes	Yes
Center for Independent Living	Yes	Yes	Yes
Inter-City Services	Yes	Yes	Yes
Jobs for the Homeless Consortium	Yes	Yes	Yes
Cypress Mandela/WIST	Yes	Yes	Yes
Women's Employment Resources	Yes	92%	Yes
First Source (City Program)	Partial	**	No***

\* Adelante met or exceeded its goals in all service areas except Citizenship Preparation.

\*\* This is a City program therefore there were no City contracted performance measures.

\*\*\* See page 4 regarding placement of non-Berkeley residents due to closing of Spengers.

At the time of our review, all of the community agencies were properly registered as non-profit agencies with current 501(c) 3 status. Based on a review of Board minutes, the agencies appeared to be functioning and managed as non-profit community agencies and not private facilities, with evidence of active boards of directors.

The auditor inquired as to the agencies' ability to track clients to determine how many were still employed with the same entity one year later. This type of tracking is not required by the City of Berkeley contracts. However, about half of the agencies (Asians for Job Opportunities in the Bay Area, Women's Employment Resources, Center for Independent Living, and Cypress Mandela/WIST) have a system in place to track how many of their clients were still employed with the same entity over a period of time. Generally, these agencies track employee retention from 30 days to one year. Many of these agencies receive funding from sources other than COB. These other funding sources require this type of job placement tracking. Other community agencies reviewed thought that this type of tracking would be too difficult to implement due to the amount of work involved and limited funding. They noted that many of their clients do not report when they have obtained a job and some employers do not want the burden of having to periodically report this information to the agencies.

Additional information regarding each agency's performance measures as contracted with the City is described in Section III, *Background*.

**Funding**

The allocations to these agencies ranged from about \$42,000.00 to \$222,000.00. The agencies were funded by the General Fund and/or the Community Development Block Grant (CDBG).

The General Fund allows funding to agencies at Council's discretion. CDBG provides grants to entitlement and non-entitlement communities, which develop their own programs and funding priorities. CDBG funds are restricted for the purpose of principally benefiting low and moderate-income persons; or aiding in the prevention or elimination of slums and blight; or meeting community development needs having a particular urgency.

CDBG guidelines stipulate that 17.34% of the City's CDBG funding may be used for public service, including community action agencies and other neighborhood-based organizations for the empowerment of low-income families and individuals to become self-sufficient. This would include enabling low to moderate-income families to obtain an adequate education and secure meaningful employment.

Of the five City employees working in First Source, 1.5 are paid by the sewer fund vs. the general fund or CDBG.

The First Source program mandated by Council in 1988 established a requirement that "City contractors not discriminate in employment and that City contracts contain a First Source Agreement". It also defined the First Source Employment Program as an employment program operated by the City to be utilized as contractors' "first source" for recruiting applicants for both new and replacement employment. First Source staff tracks individuals hired to work for companies that were contracted by the City for construction projects.

It appears that, since most City contracts with construction companies are Public Works contracts, and that the sewer repair contracts were a substantial amount of that total at the time the ordinance was established, the costs of enforcing this mandate were allocated on a percentage basis. However, it also appears that very few placements currently made by First Source are for sewer contracts. This would require a review of the rationale for this historical allocation, as well as improved reporting to monitor compliance with funding requirements.

Berkeley Municipal Code 17.04.030 describes the Sewer Fund as a restricted fund reserved for the purpose of operation, maintenance, rehabilitation and improvement of the City's sanitary sewers. Since revenues are not to be expended for any other purpose, the current extent of use of sewer funds is in apparent violation of the ordinance.

**Agencies' Funding Sources**

<b>Community Agency</b>	<b>General Funds</b>	<b>CDBG</b>	<b>Sanitary Sewer Fund</b>	<b>Total COB Funds</b>
Adelante	27,000	45,867	0	72,867
AJOB	0	150,000	0	150,000
Center for Independent Living	87,108	134,484	0	221,592
Inter-City Services	49,463	91,766	0	141,229
Jobs for the Homeless Consortium	10,000	53,820	0	63,820
Cypress Mandela/WIST	42,000	0	0	42,000
Women's Employment Resources	23,625	18,074	0	41,699
First Source	97,145	155,067	120,083	372,295
<b>Totals</b>	<b>336,341</b>	<b>649,078</b>	<b>120,083</b>	<b>1,105,502</b>

**III. Background**

**Adelante**

Adelante's mission is to provide training and employment opportunities to low-income East Bay residents, with special emphasis on the Latino community. The program operates on two levels. On one level, the program is committed to assisting participants in acquiring vocational, educational, and social skills that will lead to economic self-sufficiency. Secondly, the program is devoted to enhancing confidence, promoting increased self-awareness and expanding a strong sense of personal power.

Adelante offers training in English as a second language (ESL), General Education Development (GED), citizenship preparation, computer literacy, and job placement. Many of Adelante's clients participate in the ESL classes. Adelante has job announcements and applications for job seekers in the office. Information, assistance, or referral is also available in the areas of higher education, health, alcohol and/or drug abuse, domestic violence, AIDS, immigration, childcare, welfare, housing, and legal matters. The Adelante staff is committed to supporting students in ways that will assure personal growth.

Adelante serves a population ranging from highly educated professionals with degrees in pre-med, child development, and accounting, to individuals with limited basic life skills. All of Adelante's clients were identified as low income. Most of Adelante's clients do not speak English. However, Adelante's programs offer training and counseling in ways to overcome these

barriers.

**Adelante**

<b>Program Description</b>	<b>Planned Contacts Per COB Contract</b>	<b>Actual Contacts</b>	<b>COB Resident Contacts</b>
ESL	132	132	132
GED	48	56	56
Computer Literacy	54	77	77
Job Placement	24	27	27
Citizenship Preparation	72	29	29
<b>Total Served</b>	330	321*	321

\*The Executive Director of Adelante explained that actual clients served were less than planned clients served because the teacher supplied by the Berkeley Adult School to teach the citizenship class left the program before completion. Berkeley Adult School was unable to provide a bilingual replacement teacher to complete the course. Adelante met or exceeded its goals in all service areas except Citizenship Preparation

Adelante acts as co-sponsor with the City in coordinating the Berkeley Cinco de Mayo- Fiesta de la Comunidad as well as being the fiscal agent of the annual La Raza Health Fair.

**Asians for Job Opportunities in the Bay Area, Inc. (AJOB)**

The primary purposes of Asians for Job Opportunities in the Bay Area, Inc. (AJOB) are: 1) to provide employment training and bilingual social services to socio-economically disadvantaged Bay Area residents, with special emphasis on people of Asian ancestry; 2) to promote and provide services of advice, direction, and assistance including but not limited to the health, education, housing, immigration, legal and family problems of these clients; and 3) to cooperate with other individuals, organizations, corporations, and/or associations in order to further the welfare of the clients

AJOB offers job training, job placement, and bilingual social services. AJOB offers computer literacy, resume writing, interviewing techniques and three levels of training in vocational English as a second language (VESL).

**Asians for Job Opportunities in the Bay Area, Inc (AJOB)**

Program Description	Planned Contacts	Actual Contacts	COB Resident Contacts
Support Services	300	519	519
Employment Counseling	50	157	157
Employment Referrals	40	48	48
Employment Placements	20	20	20
ESL	700	2,102	2,102
Tutorial Assistant	48	132	132
Community Education	19	99	99
Information and Referral	60	72	72
<b>Total Served</b>	<b>1,237</b>	<b>3,149</b>	<b>3,149</b>

During the period under review, AJOB celebrated its 25<sup>th</sup> anniversary. The celebration enabled them to reach out to the community and promote their services. AJOB presented pictures of their students and staff so that celebration attendees were able to see class activities. AJOB was also invited on a television program on KTSF, San Francisco to promote their program.

**Center for Independent Living**

The Center for Independent Living (CIL) is a national leader in helping people with disabilities live independently and become productive, fully participating members of society. The primary purposes of CIL are to establish, maintain and operate non-profit community service centers relating to and for the purpose of improving the physical, social, and financial conditions of physically disabled individuals.

CIL is the first agency of its type in the United States. Since 1972, CIL has played a pioneering role in advocating architectural changes to make communities more accessible for people with disabilities, instructing people with disabilities in techniques of independent living, and offering an array of essential services to consumers with disabilities. The center serves 1,700-2,000 clients. Their programs included personal assistance services, independent living skills, employment services, financial benefits counseling, peer counseling, housing accessibility, deaf, blind and deaf/blind services, sensitivity awareness, youth services, legal clinic and information and referral services. CIL also helped to establish eight to ten additional for profit and non-profit spin off agencies, including Jobs for the Homeless Consortium.

**Center for Independent Living**

<b>Program Description</b>	<b>Planned Contacts</b>	<b>Actual Contacts</b>	<b>COB Resident Contacts</b>
Employment/Assessment	80	88	88
Job Placement	30	39	39
Intake/Assessment	60	61	61
Independent Living Services	120	310	310
Advocacy	65	186	186
Peer Counseling	220	242	242
Ramps	8	12	12
Interior Access Modifications	26	28	28
<b>Total Served</b>	<b>609</b>	<b>966</b>	<b>966</b>

Their bylaws stipulate that 60% of the board must be disabled persons. In fact, 70% of the board members during 2000 were identified as disabled. The staff and board are strongly committed to supporting others in their efforts towards maximum independence.

**Inter-City Services**

Inter-City Services (ICS) was incorporated for the education, training, and employment assistance for low income, disadvantage persons with special emphasis on Afro-Americans. They combine a traditional content-based education with hands on experience in medical and computer technology. One of ICS’s objectives is to instill a sense of pride, professionalism, dignity, respect, integrity, and excellence throughout their entire student body; which reflects a diverse community and workforce.

ICS offers classes in Micro-Computer Systems Office Technology, Micro- Computer Systems Technical Repair, Phlebotomy/Medical Lab Technology, and General Education Development preparation (GED). No prior computer experience is required and open enrollment is maintained throughout the year.

Classroom training varies from 15-39 weeks. Depending on the course of enrollment and level of competency, students with previous training, education, or work experience may accelerate their pace of training and complete the course in 4-12 weeks. The Bureau for Private Postsecondary and Vocational Education accredits courses offered at ICS. A Certificate of Completion is awarded for the successful fulfillment of program requirements.

**Inter-City Services**

<b>Program Description</b>	<b>Planned Contacts</b>	<b>Actual Contacts</b>	<b>COB Resident Contacts</b>
GED Prevocation	188	202	202
Vocational Training	502	721	721
Job Readiness Workshop	36	98	98
Job Referral Counseling	36	75	75
GED Completions	5	1	1
Job Placements	13	14	14
<b>Total Served</b>	<b>780</b>	<b>1,111</b>	<b>1,111</b>

**Jobs for the Homeless Consortium**

The purpose of Jobs for the Homeless Consortium is to provide comprehensive, integrated, consumer-centered employment services for disabled and non-disabled unemployed and low-income persons, including those with the most extensive employment obstacles. In an empowering, supportive environment, the Consortium will pool the community’s resources to help disabled and non-disabled unemployed and low-income persons live independent lives through mainstream employment and housing.

The Jobs for the Homeless Consortium utilized funds provided by the City to assist homeless persons from Berkeley to find and retain mainstream jobs, allowing them to make the transition from being unemployed and homeless to being employed and housed.

The Jobs for the Homeless Consortium’s programs include outreach to homeless persons, addiction and recovery/job counseling, peer disability/job counseling, job preparation workshops, literacy counseling and tutoring, vocational training, pre-placement client material support, job placement, retention and follow-up material support.

**Jobs for the Homeless Consortium**

<b>Program Description</b>	<b>Planned Contacts</b>	<b>Actual Contacts</b>	<b>COB Residents</b>
Outreach	204	190	190
Intake & Orientation	48	48	48
Addiction & Recovery Counseling	96	52	52
Peer Disability Counseling	99	221	221
Job Preparation	68	145	145
Literacy Training	39	102	102
Vocational Training	480	200	200
Job Clubs	129	126	126
Pre-Placement Client Material Support	197	390	390
Job Placement	12	15	15
Retention & Follow-up Material Support	40	36	36
<b>Total Served</b>	<b>1,412</b>	<b>1,525</b>	<b>1,525</b>

**Cypress Mandela/WIST**

The Cypress Mandela/WIST Training Center provides a pre-apprenticeship training program for various types of skilled trades relevant to today’s construction industry. Both hands on and classroom training are emphasized and include a 32 hour lead paint and asbestos abatement course as well as a 40 hour hazardous waste remediation course as part of the curriculum. Instruction is augmented by video taped presentations and presentations by industry experts on selected aspects of trade work. Construction related math and job safety are consistent themes throughout the course of the program.

Training services include: carpenter; cement masons; electricians; ironworkers; laborers; operating engineers; pile driver operators; lead abatement; hazardous materials; and asbestos abatement. Training is for 13-weeks 36 hours per week. Students receive four credits in carpentry through Laney College.

The Cypress Mandela/WIST pre-apprentice program is endorsed by the Alameda County Building Trades Council and works in concert with the City of Oakland, the California Department of Transportation (Caltrans), and the Peralta Community College District (PCCD) in the conduct of the training program.

To be accepted into the program participants should be of low income. Participants must already have obtained their high school diploma or GED. They must provide evidence of reliable transportation and a clean DMV record. City staff performs initial assessments to determine candidates’ eligibility. The City also tests candidates’ math aptitude for further assurance of their success in completing the program.

**Cypress Mandela/WIST**

General Fund Contract Dollars	42,000.00
Clients served- planned	14
Clients served- actual	14
COB Residents	14

Once the participants complete the program they are practically guaranteed employment. The graduate simply has to show up at the union hall for employment. Generally, the City pays the candidate’s union dues for the first three months.

**Women’s Employment Resources Corporation**

The primary objectives and purposes of this organization is to: 1) reduce the economic dependence of women on welfare by increasing their earning potential through the provisions of a comprehensive network of employment and training opportunities 2) act as an employment resource center for the economic uplifting of women in the work force through services including, but not limited to: dissemination of labor market information and data on economic trends; maintenance of job listings and employer contacts; employment counseling and job referral and development; workshops on job-seeking skills

Women’s Employment Resources Corporation programs include: 1) Job/Career/Personal Assessment which are individual counseling sessions with each participant to assess skills, evaluate paid and volunteer work history, and help resolve personal family problems such as substance abuse, domestic violence, and threat of eviction; 2) Job Development/Referrals in which WERC initiates and develops jobs for participants with employers that the agency has a placement history; and 3) Life Skills Planning/Job Placement Retention program which includes maintaining an ongoing relationship with participants to monitor retention and the need to resolve problems that may occur on the job. Mentoring is offered to assist participants in developing life skills that include positive attitudes on the job that lead to longevity and upgrading.

**Women’s Employment Resources Corporation**

Program Description	Planned Contacts	Actual Contacts	COB Residents
Job/Career/Personal Assessment	120	117	117
Job Development and Referrals	156	91	91
Job Placement	25	21	21
Information and Referral	2,000	1,881	1,881
<b>Total Served</b>	<b>2,301</b>	<b>2,110</b>	<b>2,110</b>

Women’s Employment Resource Corporation is one of two agencies that stated that they did not

include Cal Works participants in their reported figures to the City. Based on discussions with the Executive Director and staff, if the Cal Works clients who lived in Berkeley were included in the figures reported to the City, job placements would go from 21 to 30. Other categories of the contract would also increase substantially.

**First Source Employment Program (City Program)**

The First Source Employment Program is an employment recruitment and screening service provided to Berkeley businesses and residents. The program also enforces the provisions in Ordinance 5876, approved by Council in 1988, which established that City contracts contain a First Source Agreement. The stated goal of the First Source program includes linking unemployed Berkeley residents to local job opportunities. First Source is a referral and tracking service and does not provide job training.

City policy has been established that allows the City to make use of its leverage with firms that seek permit approval. For example, participation in First Source is mandated for new real estate development over 7,500 square feet (other than housing) as a condition for project approval. The developer’s commitment to First Source includes both construction jobs and jobs in businesses that then occupy the project (if they have five or more employees). First Source thus gains access, not only to construction employment but also to new jobs and jobs as turnover occurs within tenant businesses. In addition, a condition for contractors’ carrying out municipal public works projects is that they seek to hire any needed additions to their workforces through First Source.

First Source submits resumes of their applicants and applicants referred to them by local community agencies to these potential employers and tracks the potential employers compliance with placement requirements. In essence, the City uses an array of its powers and resources, both regulatory and by positive inducements, to yield its lower-income citizens a better chance at gaining employment.

**First Source Employment Program**

<b>Program Description</b>	<b>Planned Placements</b>	<b>Actual Placements</b>	<b>COB Residents</b>
Non-Construction Placements	95	103	57*
Construction Placements	70	97	Information was not available
<b>Total Served</b>	165	200	Information was not available

\* See page 4 regarding placement of non-Berkeley residents due to closing of Spengers.

## IV. Summary of Findings

Although an audit of internal controls over financial and contract performance records and reports was not performed; and financial and service performance information obtained from the agencies was not tested for reliability; several concerns relating to the City contracts or reporting requirements were identified. In general, these were instances where reporting requirements were not clear to many of the community agencies and should be discussed, clarified, and responded to by City staff. There was an additional finding regarding First Source.

### **Health and Human Services Department**

#### **1. Inappropriate Use and Allocation of City Sewer Funds**

Sewer funds in the amount of \$120,083.00 were used to support the City's First Source program. These funds were used to subsidize the salaries of 1.5 of the 5 full time equivalent City employees. These two City employees are charged with ensuring that contractors working on City construction projects comply with the City's First Source Employment Program as approved by Council in 1988. However, not all City construction projects are for sewer work. Out of the list provided to the auditors by First Source staff a minority of the construction contracts were identified as sewer related.

In addition to monitoring specific requirements for construction contracts, the First Source program is charged with encouraging all kinds of employers to hire Berkeley first. These First Source employees also track individuals hired to work for companies that perform a variety of contracted services.

Berkeley's Municipal Code 17.04.030 describes the Sewer Fund as a restricted fund reserved for the purpose of operation, maintenance, rehabilitation and improvement of the City's sanitary sewers. Based on a legal opinion presented in a memo dated January 9, 1991 from the City Attorney, these funds cannot be expended for any other purpose.

It appears that since most City contracts with construction companies are Public Works contracts and that since the sewer repair contracts were at one time a substantial amount of that total, the costs of enforcing the Council's mandate were allocated to the sewer fund on a percentage basis. However, it also appears that very few placements currently made by First Source are for sewer contracts.

Consequently, the portion of the wages of the two City employees charged against the sewer fund which pays for City staff to track individuals hired to work on construction projects other than sewer construction projects is in apparent violation of the Berkeley Municipal Code, which governs the use of the sewer fund.

#### **Recommendation**

We recommend that the City re-evaluate the propriety of the current uses of its sewer funds to ensure appropriate allocation and use in compliance with the restrictions placed on this Fund. In order to verify the appropriateness of use of restricted funds, an appropriate tracking system should be established, maintained, and reviewed.

***City Manager's Response***

*Health and Human Services will implement a formal tracking system by March 1, 2001. We will also review the appropriate use of Sewer Funds prior to submitting the 2002 budget to Council.*

**Housing Department**

**2. Numerous Monthly Program Status Report Descriptions**

The Monthly Program Status Report used by City staff to monitor agency performance, contained a wide variety of program component descriptions making it difficult to compare one agency to another. Categories common to most of these programs which could be used in preparing uniform standards include:

- Intake/Orientation
- Basic Life Skills (Addiction/recovery counseling, housing, legal referrals...)
- Pre-vocational training (GED, English as a second language...)
- Job Training (vocational training)
- Job Placement
- Follow-up placement tracking

**Recommendation**

We recommend that the City evaluate establishing standard categories for line item descriptions. This will enable better comparisons of agencies' performance.

***City Manager's Response***

*Housing will implement the recommendation and return to Council with a status report by December 18, 2001.*

**3. Community Agencies Unclear About Client Contact Reporting Requirement**

Monthly Status Reports required to be prepared by the agencies and submitted to the City include a client contact-reporting requirement. Many of the agencies were unclear as to how to report these figures. Most agencies considered one client attending a five-day training as 5 client contacts. However, if each client received service in several different categories, or was placed on several jobs the reporting figures may appear inflated.

Although the City's community agency project manager concurred with the agencies' understanding of client contact tracking, she also stated that she was somewhat confused by the requirement. She said that the client contact count requirement was carried over from previous contracts with CSBG and/or general fund grants. These contracts had been monitored by staff in a different City department. The auditor inquired as to the purpose of this requirement. The project manager was not certain of the necessity of the requirement for the agencies under review.

When client contacts are used as a performance measure the same client may be served by the agency several times for the same service somewhat distorting the figures reported to the City. The current method of client contact reporting also makes it difficult to compare similar agencies' performance.

**Recommendation**

We recommend that the City reconsider the value of reporting the number of contacts (units of service) and the number of clients served and determine whether the reported information is useful. It might be preferable to report both number of contacts and also determine the unduplicated count of clients served and include it in the agency's reporting requirement for each performance measure. When this determination is made, reporting requirements should be clarified and the community agencies should be notified of the City's determination for consistency in community agencies' reporting.

***City Manager's Response***

*Housing will implement the recommendation and return to Council with a status report by December 18, 2001.*

**4. Reporting of Multiple Funding Sources for Cal Works Clients**

Most of the agencies serve Cal Works participants and include them when reporting their COB figures. Cal Works provides grants to the agencies to serve these clients. If the Cal Works client's residence is in Berkeley they were probably included in the COB Monthly Program Status Report figures. Agencies were unclear if this "double counting" was allowable. Agencies were inconsistent when reporting on Cal Works' participants. Most included Cal Works clients in their count. However, two agencies excluded them from their reported figures to the City. This makes the performance measurement figures reported by the agencies to the City inconsistent.

**Recommendation**

We recommend that the City determine the allowability of this type of "double counting". If the City determines that including Cal Works clients in reported figures is permissible, then we recommend that the City consider requiring disclosure of all funding sources used to meet contract performance measures by the agencies. The community agencies should be notified of the City's determination, for consistency in community agencies' reporting.

***City Manager's Response***

*Housing will implement the recommendation and return to Council with a status report by December 18, 2001.*

**5. One Year Tracking of Newly Employed Clients**

At the request of the Council Committee, the review included an attempt to identify how many clients were still employed with the same entity one year after initial employment. Most of the agencies did not track this information because their City contract did not require it. Approximately 50 percent of the agencies have a system in place and track this performance measure because such a measurement is required by other non City of Berkeley contracts. These agencies said it would not be difficult to include the City contract in their tracking system. The other agencies said it would be extremely time consuming to incorporate this performance measure because they have neither the time nor the financial resources to comply with this requirement.

**Recommendation**

We recommend that the City determine whether a performance measure related to longevity of employment is useful. If so, the City should incorporate this requirement into the contracts.

***City Manager's Response***

*Housing will implement the recommendation in time to incorporate the performance measure into the fiscal year 2002 contracts if determined to be appropriate.*

**V. Conclusion**

The community agencies appeared to have systems in place for tracking job training and/or job placement performance measures. First Source, a City program, had a system in place for tracking non-construction job placement performance and appeared to have a system in place for tracking construction job placement performance. However, the system for tracking construction job placement performance is a manual system that is heavily reliant on the memory and personal knowledge of a City employee.

Based on the community agencies' systems in place, it appeared that most community agencies' programs met or exceeded the types and levels of job training and job placement services required by their City of Berkeley contracts or authorized Council budgets. The exceptions were Women's Employment Resources, which reported completing 92% of its contracted performance measures and Adelante, which reported completing 97% of its contracted performance measures. These agencies provided justification for these variances.

All of the community agencies appeared to provide services to low and moderate income Berkeley residents in compliance with their City contracts. However, First Source did not track the number of construction placements who were Berkeley residents. In addition, out of 103 non-construction placements, identified by First Source, only 57 were identified as Berkeley residents. City staff pointed out the Council's request for assistance for Spengers employees resulted in a number of placements of non-Berkeley residents.

Finally, during the time of our review, all of the community agencies were properly registered as non-profit agencies and appeared to be functioning and managed as nonprofit entities and not private facilities, with evidence of active boards of directors.

Although an audit of internal controls over financial and contract performance records and reports was not performed; and financial and service performance information obtained from the agencies was not tested for reliability; several concerns relating to the City contracts or reporting requirements were identified during the site visits. In general, these were instances where reporting requirements that were not clear to many of the community agencies and should be discussed, clarified, and responded to by City staff. We recommend that the City implement the following recommendations and establish an appropriate tracking system:

1. Reevaluate the allocation and use of the sewer funds in the First Source Program.
2. Evaluate establishing standard categories for line item descriptions in the Monthly Status Reports to enable better comparisons of agencies' performance.
3. Clarify the Monthly Status Reports' client contact-reporting requirement and evaluate the usefulness of reporting both number of contacts and an unduplicated count of number of clients served.
4. Determine the allowability of community agencies "double counting" Cal Works clients. Consider requiring disclosure of all funding sources used to meet contract performance measures by the agencies. Notify the community agencies of the City's determination, for consistency in community agencies' reporting.
5. Determine whether tracking newly hired clients for one year is a useful performance measure. If so, the City should incorporate it into the City contracts with the community agencies.

## **VI. Authority to Audit**

The City Auditor's right to audit is documented in Section 61 of the City Charter. It states that, "The Auditor shall have the authority and responsibility to conduct performance and financial audits or special studies of all phases of the City of Berkeley government in accordance with government auditing standards. Such audits may include financial, compliance, efficiency and economy, and program results auditing. "

The auditors would like to thank the community agencies and City staff for their cooperation and professional contributions during the course of the audit.



Each agency is contracted by the City of Berkeley to perform various services related to training, placement, and counseling. Because of the large diversity of programs offered by the agencies, it is difficult to isolate a number specifically for job training. Generally, all agency programs relate to job training in some way. For example, intake/orientation prepares the client for the training program. Addiction and recovery or peer disability may be classified under job counseling. The literacy training, vocational training, and GED preparation workshops are job “readiness” programs also classified under training. Each agency has its own group of programs; as a result consistency with program descriptions is an issue.

The table below incorporates all the programs offered by the agencies as defined and paid for by the City contract. Note that while most agency contracts, and the City program, require tracking the number of “contacts” so that one client with multiple contacts is counted more than once. (Cypress Mandela counts the number of clients served.) We recommend that the City Manager consider requiring disclosure of both number of contacts and number of clients served in future contracts.

Name of Agency	Total Agency Dollars	Number of FTE in Agency	Contract Dollars	Contacts		Berkeley Resident Contacts
				Planned	Actual	
Adelante	91,345	2	72,867	330	321	321
AJOB	<sup>1</sup> 522,171	7.30	150,000	1,237	3,149	3,149
Center for Independent Living	1,955,734	32	221,592	609	966	966
Inter-City Services	637,442	6	141,229	780	1,111	1,111
Jobs for the Homeless	<sup>2</sup> 4,497,763	55	63,820	1,412	<sup>4</sup> 1,534	1,534
Women’s Employment Resources	<sup>3</sup> 566,194	6.5	41,699	2301	2,110	2,110

Name of City Program/Agency	Total City Program/ Agency Dollars	Number of FTE in Agency	City Program or Contract Dollars	Clients Served		Berkeley Resident Clients
				Planned	Actual	
First Source (City Program)	---	5	372,295	<sup>5</sup> 165	<sup>5</sup> 200	N/A
Cypress/Mandela EPA & UBC Programs	314,814.38	9	42,000	14	14	14

<sup>1</sup> Reflects fiscal year end June 30, 1999

<sup>2</sup> Reflects fiscal year end September 30, 2000

<sup>3</sup> Reflects first 10 months of fiscal year 2000

<sup>4</sup> Actual numbers reported to the COB Project Manager at year-end were greater than actuals noted during the site visit by the auditor

<sup>5</sup> Reflects job placements

