City of Austin
Office of the City Auditor

Special Report

Workforce Development Follow-Up

February 2022



This is a special report to follow-up on recommendations from the 2017 Workforce Development Audit.

The 2017 Audit made recommendations to City Management, the Economic Development Department (EDD), and Austin Public Health (APH). Departments have made some progress to improve the effectiveness of the City's workforce development efforts. Specifically, the City Manager's Office has implemented one of their recommendations and APH has implemented their only recommendation. While the City Manager's Office and EDD made less progress on other recommendations, EDD recently started developing a Citywide workforce development strategy. However, EDD's process for monitoring workforce development contracts still does not meet City standards.

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Cover: KET Education

Objective

The objective of this special report was to follow up on the City's actions to implement recommendations from the 2017 Workforce Development Audit.

Background

The City of Austin provides workforce development programs to assist community members with literacy, adult basic education, job readiness, and occupational training. The City provides these programs both directly and through contracted entities. The Office of the City Auditor conducted an audit of these workforce development efforts as part of our Fiscal Year 2016 Audit Plan. The objective of that audit was to determine if City workforce development contracting efforts were effectively achieving outcomes and preparing employees for jobs that match the needs of the Austin job market.

The audit found the City did not have a comprehensive workforce development plan, did not have sufficient data to determine the effectiveness of workforce development programs, and did not prioritize contracts to meet City goals or the needs of local employers.

The 2017 Workforce Development Audit issued six recommendations with implementation due dates of May 2018.

If you are interested in following the City's progress to implement recommendations from audits on other topics, you can visit the City's open data portal page for audit recommendations.

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What We Learned

Summary

This is a special report to follow-up on recommendations from the 2017 Workforce Development Audit.

The 2017 Audit made recommendations to City Management, the Economic Development Department (EDD), and Austin Public Health (APH). Departments have made some progress to improve effectiveness of the City's workforce development efforts. Specifically, the City Manager's Office has implemented one of their recommendations and APH has implemented their only recommendation. While the City Manager's Office and EDD made less progress on other recommendations, EDD recently started developing a Citywide workforce development strategy. However, EDD's process for monitoring workforce development contracts still does not meet City standards.

Exhibit 1: Status of Recommendations



SOURCE: Auditor's analysis of the City's actions to address prior audit recommendations, December 2021

What has the City done to address the issues we identified?

We issued six recommendations in this audit. Five recommendations are underway and one is implemented.

We made the following recommendations to address the audit's findings:

1. The City Manager should name a lead department to oversee and coordinate workforce development programs and collaborate with regional partners to better target City workforce development investments towards programs that meet the needs of local employers.
2. The City Manager should work with the lead department to establish Citywide goals and performance expectations relating to workforce development.
3. When workforce development contracts are renegotiated, the City Manager should work with the lead department to review the needs of area employers and ensure new contracts are designed and implemented so that future workforce development programs align with goals and train individuals in high demand areas.
4. The City Manager should work with the lead department to ensure that future contracts include clear and consistent performance measures that can be used to measure the impact of these programs. Further, the City Manager should consider whether contractors should be fully or partially paid based on performance.
5. The Director of Austin Public Health should enhance monitoring of

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contractors and ensure that program data maintained is complete, accurate, and reliable.

6. The Director of the Economic Development Department should enhance monitoring of contractors and ensure that program data maintained is complete, accurate, and reliable.

Recommendation 1: Implemented

The first recommendation requires the City Manager to name a lead department to coordinate workforce development efforts with other departments and external service providers. In response to Recommendation 1, the City Manager appointed EDD as the lead department.

Recommendations 2-4: Underway

Recommendations 2-4 required the lead department to take the following actions:

- Develop Citywide goals and performance expectations
- Ensure workforce development contracts train individuals in high-demand sectors
- Develop clear performance measures that measure program impact

As the lead department, EDD initially made progress on recommendations 2-4 by collaborating with other departments to address these three recommendations. For instance, EDD assembled and led an interdepartmental team to inventory the workforce development programs the City supported as well as the performance measures included in the City's workforce development contracts. EDD also worked with external stakeholders to add a community workforce plan to Imagine Austin.

EDD worked with the Office of Performance Management (OPM) to address Recommendation 2 by creating a Citywide performance goal for workforce development and plans to continue working with OPM on performance metrics. EDD also engaged internal and external stakeholders to create a workforce development roadmap that lays out a coordinated approach to workforce development for addressing audit recommendations 3-4. This roadmap was presented to the Audit and Finance Committee in January 2020.

EDD paused their efforts to address the audit recommendations so they could respond to the COVID-19 pandemic and lead the City's economic recovery plan. They also experienced significant staffing changes that delayed their progress on the recommendations. In May 2021, EDD renewed their efforts to address the audit recommendations and current employer needs by drafting a 3-year workforce development strategy. This 3-year strategy identifies taking actions such as:

- Extending workforce development contracts for one year avoid a gap in service and issue a solicitation for new contracts in 2023
- Collaborating with external partners to determine which occupations

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are in high demand

- Surveying service providers about how they determine and calculate performance measures
- Working with the OPM to align recommendations for performance metrics

While the audit recommendations relate to the lead department coordinating Citywide efforts, the 3-year strategy primarily focuses on enhancing EDD's approach to workforce development. However, EDD management indicated they intend to use this strategy as a Citywide plan to align other departments' workforce development contracts with City goals. While the revised implementation date for implementing recommendations 2-4 on a Citywide basis is April 2022, EDD management said they recently began drafting the strategy and do not currently have a timeline for sharing it with other departments.

Recommendation 5: Implemented

Recommendation 5 suggested that APH enhance workforce development contract monitoring and ensure that contract data is reliable. APH implemented this recommendation by creating a Performance Measure Quarterly Reporting Tool (PMQR), which they use to define and track performance measures. APH trained internal staff and external service providers how to use this tool. In addition to using the PMQR, APH contract monitors use backup documentation to verify the reliability of reported outcomes and outputs for all workforce development contracts.

Recommendation 6: Underway

Recommendation 6 suggested that EDD enhance workforce development contract monitoring and ensure that contract data is reliable. EDD has taken some steps to implement this recommendation. EDD staff is currently monitoring all the workforce development contracts on a quarterly and annual basis. This monitoring process involves staff completing a checklist to confirm contractors are submitting all required information. Staff also developed a spreadsheet that allows contractors to consistently report and track performance measures. However, EDD staff do not currently verify the accuracy of performance data received from the contractors as required by the City's contract management practices.

EDD management indicated that staff responsible for the workforce development contracts will attend the City's contract management training. This should enhance staff knowledge, skills, and ability to oversee contracts in accordance with the City's contract monitoring practices.

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Additional Observation

During the original audit, we noted that the contractors reported results that were not tied to City funding. For example, contractors were reporting information on people they served outside of Travis County as part of their performance reports submitted to the City. We also noted that there was incomplete information on outcomes such as whether participants got a job after completing workforce development programs. In their response to the recommendations, EDD and APH management said they would work with service providers to determine if they were able to provide the City with more complete data. These issues have not been addressed because EDD and APH management worked with service providers and determined it is not feasible for the contractors to provide this data without additional funding.

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Appendix A: Findings Issued in 2017 Workforce Development Audit

Findings
Finding 1: The City lacks a comprehensive workforce development plan and contracts are not centrally managed. Additionally, performance measures relating to workforce development are not consistent or effective.
Finding 2: The City does not have sufficient and reliable data to determine the effectiveness and efficiency of workforce development programs due to ineffective contract development and limited monitoring.
Finding 3: While it appears that workforce development programs benefited some participants at the individual level, it does not appear that the City prioritized contracted services to meet its own targets or the needs of Austin area employers.

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Appendix B: Implementation Status of Recommendations

Recommendations	Implementation Status
Recommendation 1: The City Manager should name a lead department to oversee and coordinate workforce development programs and collaborate with regional partners to better target City workforce development investments towards programs that meet the needs of local employers.	Implemented
Recommendation 2: The City Manager should work with the lead department to establish Citywide goals and performance expectations relating to workforce development.	Underway
Recommendation 3: When workforce development contracts are renegotiated, the City Manager should work with the lead department to review the needs of area employers and ensure new contracts are designed and implemented so that future workforce development programs align with goals and train individuals in high demand areas.	Underway
Recommendation 4: The City Manager should work with the lead department to ensure that future contracts include clear and consistent performance measures that can be used to measure the impact of these programs. Further, the City Manager should consider whether contractors should be fully or partially paid based on performance.	Underway
Recommendation 5: The Director of Austin Public Health should enhance monitoring of contractors and ensure that program data maintained is complete, accurate, and reliable.	Implemented
Recommendation 6: The Director of the Economic Development Department should enhance monitoring of contractors and ensure that program data maintained is complete, accurate, and reliable.	Underway

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Scope

The project scope included actions taken by the City to respond to the recommendations in the Workforce Development Audit.

Methodology

To complete this project, we performed the following steps:

- Communicated with current and former City staff in the Economic Development Department and Austin Public Health
- Reviewed City strategic plans, performance reporting tools, presentations to City Council, City Council discussions, memos to City Council, training materials, and other relevant documentation
- Evaluated the City's actions to respond to relevant recommendations

Project Type

This project is considered a non-audit project under Government Auditing Standards and was conducted in accordance with the ethics and general standards (Chapters 1-5).

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The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve City services. We conduct performance audits to review aspects of a City service or program and provide recommendations for improvement.

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