INSPECTOR GENERAL’S REPORT

January 6, 2022

Mr. Gary A. Officer  
President and CEO  
The Center for Workforce Inclusion, Inc.  
8403 Colesville Road, Suite 200  
Silver Spring, MD 20910

Dear Mr. Officer:

The purpose of this report is to formally advise you of the results of a Quality Control Review (QCR) the U.S. Department of Labor (DOL), Office of Inspector General (OIG) conducted on the Single Audit of the Center for Workforce Inclusion, Inc. (formerly of Senior Service America, Inc.), which was completed by Gorfine, Schiller & Gardyn, P.A. (Firm) under the Office of Management and Budget (OMB) 2 CFR 200 (Uniform Guidance) for the year ended June 30, 2020.

Our objective was to determine if the audit was conducted in accordance with applicable standards, including Generally Accepted Government Auditing Standards (GAGAS) and Generally Accepted Auditing Standards (GAAS), and met the requirements of Uniform Guidance.

We determined that the audit work performed did not meet certain requirements of the OMB Uniform Guidance (including the Compliance Supplement), GAGAS, and GAAS. Specifically, the Firm did not adequately address three of the six applicable OMB compliance supplement requirements. These inadequately addressed requirements included: activities allowed or unallowed, allowable costs/cost principles, and reporting.

As a result of our review, the Firm provided us with additional documentation supporting the testing of internal control and compliance testing over cash disbursements. However, the Firm did not conduct internal control and compliance testing of the subrecipients financial and programmatic reporting. Additional work is required to bring this single audit into compliance.

Uniform Guidance 200.513 Responsibilities (a)(3)(v), requires us to advise the auditor, Federal awarding agencies, and, where appropriate, the auditee of any deficiencies found in the audits when the deficiencies require corrective action by the auditor. When advised of deficiencies, the auditee must work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency
for audit must notify the auditor, the auditee, and applicable Federal awarding agencies and pass-through entities of the facts and make recommendations for follow-up action.

We recommend the Firm communicate with the Employment & Training Administration (the responsible DOL agency) once it has conducted internal control and compliance testing of the subrecipients’ financial and programmatic reporting. We also recommend the Firm review and update the FY 2020 single audit report in the event reportable conditions result from the firm performing additional work, as required by auditing standards, include all reportable conditions that are supported by the audit documentation and reflect the additional audit procedures performed in the update of the report.

Sincerely,

Carolyn R. Hantz
Assistant Inspector General for Audit

Enclosure

cc: Samuel B. Gaillard
    Executive Vice President & CFO
    Center for Workforce Inclusion, Inc.

    Latonya Torrence
    Director, Division of Policy, Review, and Resolution
    Employment and Training Administration

    Julie Cerruti
    Audit Liaison
    Employment and Training Administration

    Gregory Hitchcock
    Audit Liaison
    Employment and Training Administration

    Scott Rodgville
    Director
    Gorfine, Schiller, and Gardyn, P.A.
Enclosure

Quality Control Review
Single Audit of the Center for Workforce Inclusion, Inc.
for the Year Ended June 30, 2020
(24-22-001-03-360)

The DOL OIG conducted a QCR of the single audit of the Center for Workforce Inclusion, Inc. (CWI), formerly the Senior Service America Inc., for the year ended June 30, 2020. The single audit was completed by Gorfine, Schiller & Gardyn, P.A. (Firm). Table 1 details the scope of the OIG’s QCR, including the DOL major program we reviewed.

<table>
<thead>
<tr>
<th>DOL Major Program Reviewed</th>
<th>Catalog of Federal Domestic Assistance Number</th>
<th>DOL Major Funds Reported as Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Community Service Employment Program (SCSEP)</td>
<td>17.235</td>
<td>$46,123,049</td>
</tr>
</tbody>
</table>

| Total DOL Major Funds Reported as Expended | $46,123,049 |

A QCR is performed to provide evidence of the reliability of the single audit to the auditors of federal agency financial statements, such as those required by the Chief Financial Officers Act of 1990, those responsible for program administration, and others. For the year ended June 30, 2020, CWI reported Federal expenditures of $55,437,812, which consisted of DOL funds totaling $46,123,049 and non-DOL funds totaling $9,314,763. The single audit conducted by the Firm covered one DOL major program: SCSEP, totaling $46,123,049. The remaining $9,314,763 of non-DOL funds were used for non-major programs and were not tested as part of the single audit.

The single audit is an organization-wide audit or examination of a non-federal entity that expends $750,000 or more of federal assistance received for its operations. Usually performed annually, a single audit has two main objectives:

1. Audit of the entity’s financial statements and reporting on a separate Schedule of Expenditures of Federal Awards (SEFA) in relation to those financial statements.
2. Compliance audit of federal awards expended during the year as a basis for issuing additional reports on compliance related to major programs and on internal control over compliance.

RESULTS

We determined that the audit work performed did not meet certain requirements of 2 CFR 200 (Uniform Guidance), including the Compliance Supplement; GAGAS; and GAAS. Specifically, the Firm did not adequately address three of the six applicable OMB compliance supplement requirements. These inadequately addressed requirements included: activities allowed or unallowed, allowable costs/cost principles, and reporting.

For the activities allowed or unallowed and the allowable costs/cost principles requirements, the cash disbursement sample audit work was incomplete, the sample population was not verified, and the testing conducted was not properly documented. The Firm needs to complete the internal control and compliance testing of cash disbursements. Additionally, the Firm did not conduct internal control and compliance testing of the subrecipients’ financial and programmatic reporting. For the reporting requirement, the Firm needs to conduct internal control and compliance testing of the subrecipients financial and programmatic reporting. Additional work is required to bring this single audit into compliance.

LACK OF TESTING OVER CASH DISBURSEMENTS

The Firm’s internal control and compliance testing of cash disbursements was incomplete, the sample population was not verified, and the testing conducted was not properly documented. Specifically, we found the Firm:

- Did not verify the completeness of the cash disbursement universe.
  - The completeness of the universe was not verified or reconciled to the relevant accounting records or to SEFA in order to verify that the universe was complete.

- Did not identify the sample universe and sample characteristics.
  - There were no dollars associated with the universe from which the sampled transactions were drawn, and there were no identifying characteristics of the specific items comprising the universe. The sample universe of cash disbursements consisted of all the check numbers written and automated payments disbursed by CWI during
the year, with no dollar amounts associated with the individual sample units or the sample universe (population consisting of 1,329 items).

- Incorrectly referenced conducted compliance procedures.
  - The workpaper reference used for the checklist supporting procedures performed during tests on account codings and classifications (Test of Compliance Worksheet WP B.03) related to a subgrantee matching discussion and not actual compliance testing conducted by the Firm.

- Tested only one internal control attribute for each sampled cash disbursement.
  - There was only one internal control attribute tested supporting each cash disbursement sampled ("Internal Control Test - Looking for Approval of Manager Prior to Payment").

- Did not test or analyze 24 percent of the items sampled.
  - The Firm did not test or analyze 6 of the 25 cash disbursements sampled. Sample numbers 20 through 25 were not tested or analyzed.

The Firm’s incomplete testing, verification, and documentation does not meet the following criteria. The American Institute of Certified Public Accountants (AICPA), AU-C Section 230, Audit Documentation (2021), states:

.05 The objective of the auditor is to prepare documentation that provides:

a. sufficient and appropriate record of the basis for the auditor's report; and
b. evidence that the audit was planned and performed in accordance with GAAS and applicable legal and regulatory requirements.

.08 The auditor should prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand:

a. the nature, timing, and extent of the audit procedures performed to comply with GAAS and applicable legal and regulatory requirements; [and]
b. the results of the audit procedures performed, and the audit evidence obtained.

.09 In documenting the nature, timing, and extent of audit procedures performed, the auditor should record:
a. the identifying characteristics of the specific items or matters tested.

The Firm stated that this was an oversite on their part. The lack of documented explanations and referencing regarding how compliance and internal control testing were conducted, as well as how this work formed the basis for the Firm’s conclusions, could raise questions on whether the Firm understood the testing that was performed and the conclusions reached. As a result of our review, the Firm has already taken corrective action. The Firm provided us with additional documentation supporting the testing of internal control and compliance testing over cash disbursements.

**LACK OF TESTING OVER SUBRECIPIENT REPORTING**

The Firm did not conduct internal control and compliance testing of the subrecipients’ financial and programmatic reporting. The Firm’s compliance and internal control testing of CWI’s reporting consisted of only the four quarterly CWI Financial Status Reports submitted to the DOL for the audit period July 1, 2019, through June 30, 2020.

At a minimum, the Firm should have selected a sample of the 62 subrecipients and performed internal control and compliance testing of the amounts reported for each of the financial and performance subrecipient reports.

For the financial reports, the Firm did not:

- Determine whether the financial reports were complete, accurate, and prepared in accordance with the required accounting basis.

- Trace the amounts reported to the accounting records that support the audited financial statements and SEFA; confirm agreement or perform alternative procedures to verify the accuracy and completeness of the reports and that they agree with the accounting records; and determine whether the reported information was supported by available documentation.

For the performance reports, the Firm did not:

- Trace the reported data to records that accumulate and summarize data.
- Perform tests of the underlying data to verify the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.

- Test the selected reports for accuracy and completeness.

For both report types, the Firm did not:

- Trace reported data elements to supporting worksheets or other documentation that link reports to the data when intervening computations or calculations were required between the records and the reports.

- Test mathematical accuracy of reports and supporting worksheets.

The Firm stated that it was unable to provide documentation supporting the disbursements of funds to the 62 SCSEP subrecipients as reported in the SEFA (totaling $46,123,049) due to CWI’s recent hiring of a new controller. Further, due to the Firm not having access or confirming the subsidiary records of amounts disbursed to the universe of the subrecipients, the Firm was unable and did not conduct internal control or compliance testing of the amounts reported as disbursed to the subrecipients. As a result, the Firm did not comply with the financial or programmatic subrecipient reporting requirements as required by OMB Compliance Supplement, Appendix XI, Part 3 Compliance Requirements, L. Reporting, (August 2020).

**OIG RECOMMENDATIONS**

We recommend the Firm communicate with the Employment & Training Administration (the responsible DOL agency) once it has implemented the following corrective actions:

1. Conduct internal control and compliance testing of the subrecipients’ financial and programmatic reporting.

2. Review and update the FY 2020 single audit report in the event reportable conditions result from the firm performing additional work, as required by auditing standards, include all reportable conditions that are supported by the audit documentation and reflect the additional audit procedures performed in the update of the report.
Firm's Response

The Firm provided specific responses to the findings and recommendations encouraging the OIG to revisit the matter, taking its responses into consideration. In response to lack of testing over the cash disbursements finding, the Firm provided us with additional documentation supporting the testing of internal control and compliance testing over cash disbursements. Regarding the lack of testing over subrecipient reporting, the Firm stated it met all of its requirements in the testing of subgrantees. Given the completion of the internal control and compliance testing of cash disbursements and the fact that the Firm reviewed CWI’s compliance testing over the subgrantees report, the Firm stated that the single audit report was correct and there were no adjustments needed. See Appendix B for the Firm’s responses to the report.

OIG’s Conclusion

Based on the Firm’s response, we consider the finding related to lack of testing over cash disbursements resolved. However, we disagree with the Firm’s response regarding the lack of testing over subrecipient reporting because the Firm did not conduct key financial and performance subrecipient reporting testing requirements for fiscal year 2020. Specifically, the Firm’s testing over the financial data costs consisted of reviewing the fiscal year’s 2018 and 2019 subrecipient single audit reports, but the Firm never reconciled those costs to the financial records. This is further evidenced by CWI and the Firm being unable to provide documentation supporting the fiscal year 2020 funds disbursed to the subrecipients. Contrary to the Firm’s assertion, there was no further evidence supporting the testing over subrecipient performance of the SCSEP core measures supporting enrollment, retention and medium earnings. As a result, our finding and recommendation related to lack of testing over subrecipient reporting remains open and unresolved.
Appendices
APPENDIX A

OBJECTIVE, SCOPE, METHODOLOGY, AND CRITERIA

OBJECTIVE

Our objective was to determine if the audit was conducted in accordance with applicable standards, including GAGAS and GAAS, and met the requirements of Uniform Guidance.

SCOPE

We performed a QCR of Gorfine, Schiller & Gardyn, P.A.’s single audit of the Center for Workforce Inclusion Inc.’s financial statements, SEFA, reports required by GAGAS, Uniform Guidance for the year ended June 30, 2020, and Uniform Guidance for the year ended June 30, 2020. Our QCR of Gorfine, Schiller & Gardyn, P.A. covered $46.1 million in federal expenditures for one DOL major program: SCSEP. We performed our work remotely due to COVID-19.

METHODOLOGY

We reviewed the audit reports using the Council of Inspectors General on Integrity and Efficiency (CIGIE) Guide for Desk Reviews of Single Audit Reports and the CIGIE Guide for Quality Control Reviews of Single Audit. The guides were developed to ensure compliance with the requirements of Uniform Guidance (including the Compliance Supplement), GAGAS, and the AICPA Audit Guide “Government Auditing Standards and Single Audits.” We reviewed the financial statements, compliance, and internal control reporting; SEFA; and Schedule of Findings and Questioned Costs.

We reviewed audit documentation and held discussions with the Firm to accomplish the required steps. The QCR guides were developed to test for compliance with GAGAS and GAAS, and met the requirements of Uniform Guidance.

Specifically, we reviewed:

- Auditor Qualifications
- Independence
- Due Professional Care
- Quality Control
• Planning and Supervision
• Management Representations
• Litigation, Claims and Assessments
• Possible Fraud or Illegal Acts
• Determination of Major Programs
• SEFA
• Internal Control Over Major Programs
• Direct and Material Compliance Requirements

We also reviewed the Firm’s peer review applicable to the period of the audit.

CRITERIA

• 2 CFR 200, Uniform Guidance
• 2020 Compliance Supplement
• American Institute of Certified Public Accountants Audit Guide
• AU Clarified Statements, Audit Documentation Section 230
• GAGAS, 2018 Revision
FIRM’S RESPONSE

November 23, 2021

Office of Inspector General
U.S. Department of Labor
200 Constitution Avenue, NW, Room S-5506
Washington, DC 20210

Re: Single Audit of Review - Center for Workforce Inclusion, Inc.

To Whom It May Concern:

Lack of Testing over Cash Disbursements

1. Did not verify the completeness of the cash disbursement universe.
   a. GSG recently received a check register from the client listing the check numbers in numerical order. We then verified that the total amounts of the items disbursed reconciled to the SEFA for the amount expended under the grant. We also traced the first check number and last check number to our sampling form to ensure our random sample was complete.

2. Did not identify the sample universe and sample characteristics
   a. GSG used the check register to verify the sample with the vendor, date and amount after it was reconciled to the SEFA.

3. Incorrectly referenced conducted compliance procedures
   a. GSG updated the reference to B.01, where the sampling form is located.

4. Tested only one internal control attribute for each sampled cash disbursement
   a. GSG added 2 additional internal control attributes to the testing and updated the appropriate workpaper.

5. Did not test or analyze 24 percent of the items sampled
   a. GSG received the remaining 6 items from CWI and performed control and compliance testing over those items. No exceptions were noted and the workpaper was updated accordingly.

Lack of Testing over Sub-Recipient Reporting

1. OIG recommends that we conduct internal control and compliance testing of the sub-recipients’ financial and programmatic reporting.
   a. GSG believes that we have satisfied this requirement during our sub-grantee testing. As part of CWI’s monitoring of their sub-grantees they perform a fiscal review of the sub-grantees. This includes reviewing the payroll documentation to ensure they match with the quarterly reports that are filed and tracing the amounts to the SPARQ listing. They also trace the payroll register to the SPARQ participant list as well as other reconciling items. GSG reviewed these documents to ensure it was performed and there were no major issues and it is noted in column F of the Sub-grantee testing.
November 23, 2021
U.S. Department of Labor
Re: Single Audit of Review - Center for Workforce Inclusion, Inc.

Given the completion of the internal control and compliance testing of cash disbursements and the fact that we had reviewed CWI’s compliance testing over the Sub-Grantees report we feel that the FY 2020 single audit report is correct and there are no adjustments needed.

Gorfine, Schiller & Gardyn, PA

Scott D. Rodgville, CPA
srodgville@gsq-cpa.com
APPENDIX C

ACKNOWLEDGEMENTS

Key contributors to this report were Sean Gilkerson (Director), Grover Fowler, and Patrick Trager.
REPORT FRAUD, WASTE, OR ABUSE TO THE DEPARTMENT OF LABOR

Online
http://www.oig.dol.gov/hotline.htm

Telephone
(800) 347-3756 or (202) 693-6999

Fax
(202) 693-7020

Address
Office of Inspector General
U.S. Department of Labor, 200 Constitution Avenue, NW
Room S-5506 Washington, DC 20210