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Report: DOES Must Strengthen Internal Controls of Summer Youth Employment Program

Findings include improperly charged expenditures, weak information systems, failure to abide by statutory requirements, and some \$43K in unaccounted-for transportation expenses

WASHINGTON, D.C. — The D.C. Department of Employment Services (DOES) must tighten internal controls for the Marion S. Barry Summer Youth Employment Program (MBSYEP) to decrease the risk of waste, fraud, and abuse while enhancing the program’s mission of providing D.C. youths with the skills, attitudes, and experience needed to succeed in the workforce, according to a new report by the Office of the D.C. Auditor (ODCA).

“While a program as large and complex as MBSYEP requires consistent execution of plans, methods, policies, and procedures to ensure it can achieve its objectives, our report found instead that many of MBSYEP’s critical operating systems were ad hoc or underdeveloped during the 2015 and 2016 programs,” said D.C. Auditor Kathy Patterson. “Addressing the issues of management oversight and control in this report will be critical to MBSYEP in preparing D.C. youths for the world of work, and to ensure its effective stewardship of public resources.”

MBSYEP has been a priority for D.C. leaders because of its important objectives, scope, and cost. More than 13,000 youths were offered positions in MBSYEP during the summers of 2015 and 2016 at some 500 work or classroom sites across the city, with MBSYEP expenditures totaling \$19.3 million in FY 2015 and \$17.3 million in FY 2016, respectively. This report is the last of four and completes a review initiated by D.C. Councilmember Elissa Silverman, chair of the Council Committee on Labor and Workforce Development. Silverman has scheduled a hearing on the summer program on April 3.

ODCA’s findings included:

General controls. ODCA identified instances when DOES exceeded legally-mandated wage rates and hours of work for MBSYEP participants. The lack of written policies, procedures, and training governing youth enrollment, online registration, payroll processing, and other key program elements may have contributed to these violations.

Management information systems. The PeopleFirst management information system that supports MBSYEP operations lacked an audit trail needed to document when and how decisions were made about enrollment, assignments, and pay rates. This weakness was compounded by inadequate access controls and a failure to segregate duties so that no one individual can control all aspects of a transaction. These report details how these deficiencies pose risks for waste, fraud, and abuse.

Planning. The lack of sufficient advance planning had adverse consequences for the effectiveness of the program, with consequences that included a compressed official time period and late starts for youth registration, a lack of information for participating youths and their parents, and late execution of contracts and MOUs that included unnecessary costs.

Payroll and Compensation. Payroll processing has been inefficient. Eighteen payrolls were processed for the six-week program in 2016 due to host employer failures to enter participant work hours on time, as well as possible system overload. These failures diverted the time of MBSYEP program staff who review payroll resolution tickets.

Transportation. DOES purchased 15,000 SmarTrip cards from the Washington Metropolitan Area Transit Authority (WMATA) for MBSYEP participants in 2015, and purchased 9,500 SmarTrip cards for MBSYEP participants in 2016, but some recipients did not use the cards for program purposes. Following the 2015 MBSYEP, DOES could not account for 114 SmarTrip cards, valued at \$12,540, and following the 2016 MBSYEP, DOES could not account for 745 SmarTrip cards, worth at least \$40,975.

Earlier audits highlighted the importance of sound management and strong internal controls to the effectiveness of MBSYEP. In 2008 and 2009, ODCA, the Office of the Inspector General (OIG), and the Office of the City Administrator issued reports documenting a breakdown of management oversight and controls in the 2008 summer youth employment program caused, in part, by decisions to extend the program from six to 10 weeks, and to continue accepting youths after the application deadline while DOES implemented a new information technology system. That year DOES was unable to administer the registration and payroll systems properly and the program's original budget of \$14.5 million soared to \$52.4 million.

The reports on MBSYEP that ODCA issued in 2016 are:

1. [Review of Summer Youth Employment Programs in Eight Major Cities and the District of Columbia](#), April 21, 2016.
2. [Review of Marion S. Barry Summer Youth Employment Program Data and Activities](#), issued on June 2, 2016.
3. [Site Visit Observations: 2016 Marion S. Barry Summer Youth Employment Program](#), issued on December 21, 2016.

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