



Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

*Performance Audit*

*Bureau of Workforce Transformation's (BWT's)  
Oversight of the Michigan Works! Agencies (MWAs)  
Workforce Development Agency  
Michigan Strategic Fund (MSF)*

Report Number:  
641-0820-07

Released:  
July 2011

*BWT was established in January 2008 to focus on lifelong learning as an important factor critical to the success of workers and employers in Michigan's rapidly transforming economy. BWT provided \$442 million in federal and State funding during fiscal year 2009-10 to the 25 MWAs located throughout the State. The 25 MWAs administer local workforce development programs and services that benefit the citizens of Michigan and assist employers by preparing individuals for work. Effective April 25, 2011, Executive Order No. 2011-4 transferred any authority, powers, duties, and functions of BWT to the newly created Workforce Development Agency within MSF.*

**Audit Objective:**

To assess the effectiveness and efficiency of BWT's efforts to oversee selected activities of MWAs.

**Audit Conclusion:**

We concluded that BWT was not effective and efficient in its efforts to oversee selected activities of MWAs. We noted one material condition (Finding 1) and two reportable conditions (Findings 2 and 3).

**Material Condition:**

BWT needs to establish a comprehensive continuous quality improvement process to evaluate the successes and shortcomings of its workforce development programs (Finding 1).

**Reportable Conditions:**

BWT needs to improve its efforts to conduct on-site program monitoring to ensure that workforce development activities are sufficient to promote, establish, implement, and utilize methods

to achieve high-level performance and outcomes (Finding 2).

BWT needs to strengthen its disclosure and resolution process regarding potential conflicts of interest for MWA staff, MWA contractors and their employees, and workforce development board members (Finding 3).

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**Audit Objective:**

To assess the effectiveness and efficiency of BWT's fiscal oversight of MWAs.

**Audit Conclusion:**

We concluded that BWT was moderately effective and efficient in its fiscal oversight of MWAs. We noted two reportable conditions (Findings 4 and 5).

**Reportable Conditions:**

BWT did not require MWAs to report budgetary and expenditure information in detail sufficient for appropriate budgetary control (Finding 4).

BWT did not provide guidance to MWAs regarding the allowability and reasonableness of administrative expenditures (Finding 5).

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**Audit Objective:**

To assess the effectiveness of BWT's efforts to help individuals secure employment in long-term growth occupations.

**Audit Conclusion:**

We could not determine the effectiveness of BWT's efforts to help individuals secure employment in long-term growth occupations because of the lack of information available to evaluate participant activity for extended periods of time (Finding 1).

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**Audit Objective:**

To respond to a legislative request for specific information related to No Worker Left Behind (NWLB).

**Audit Conclusion:**

We responded to the legislative request for specific information related to NWLB. In addition, we presented two unaudited exhibits (Exhibits 6 and 7) of NWLB expenditures.

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**Supplemental Information:**

Our report provides data, analyses, and comparisons related to the activities of the MWAs. These include a Michigan map with MWA locations; Department of Energy, Labor & Economic Growth (DELEG) distributions to MWAs; a summary of dollars returned for dollars invested; three-year average return on investment by MWA for the Workforce Investment Act (WIA) Adult, WIA Dislocated Worker, and Work First Programs; WIA program expenditures for MWAs and contractors; and schedules of NWLB expenditures by program and by activity (Exhibits 1 through 7).

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**Agency Responses:**

Our audit report contains 5 findings and 5 corresponding recommendations. BWT's preliminary responses indicate that it agrees with 3 recommendations and partially agrees with 2 recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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