



## **2013-2015 Department of Labor Fiscal Compliance Review**

### **Release of Report and Response**

Experience Works (EW) is releasing the U.S. Department of Labor's (DOL) review of fiscal performance for the period between July 2013 and June 2015, as well as a copy of the organization's response to the review. The report, which was delivered to EW in December 2015, catalogues a number of unacceptable practices and lack of adherence to procedures on the part of EW's previous senior management and board of directors during the two year period under the review. These practices resulted in financial shortfalls for the organization. The DOL report, EW's response, and a related audit are found on EW's website at [www.experienceworks.org](http://www.experienceworks.org).

### **Service to Clients and Performance Not Questioned**

During the two program years contained in this review, EW served 25,200 seniors and exceeded every DOL performance measure, including helping 43.5% of older workers served by the Senior Community Service Employment Program (SCSEP) move into jobs. EW wishes to emphasize that the DOL's review findings involved fiscal monitoring and did not question the quality or integrity of services provided to older workers.

### **A History of Success, Integrity and Rural Service**

EW, originated as Green Thumb in 1965 by the National Farmers Union (NFU), has provided older workers with training, community service experience, and ultimately gainful employment in an exemplary manner for over half a century. EW has been entrusted with nearly \$1 billion in the last decade alone. Over its history, EW has provided services across the United States, but has had a particular focus on rural senior populations, with more than half of its participants residing in rural communities.

### **New Board of Directors and new Chief Executive Officer**

In May 2015, two new members from NFU joined EW's Board of Directors. These directors identified fiscal and other concerns related to the EW's management of the program during the 2014-2015 program year. Board members contacted DOL with their concerns in July and took immediate corrective action including the replacement of the entire former Board of Directors, outside counsel and Executive Leadership team of EW.

By August 10, 2015, a new CEO was hired, interim financial staff was appointed, and a new director of operations was hired. All fiscal management policies of EW have been reviewed and fortified. All staff were trained on updated policies and procedures.

## **U.S. Department of Labor Fiscal Review**

During September 2015, DOL performed onsite monitoring of EW for the period July 2013 to June 2015, with extensive cooperation and data gathering from new EW financial staff and senior management, and they delivered a report on findings in December, 2015. As indicated in EW's response to the review, as of the date of receipt of the report, many of these findings were already addressed, or plans were underway to address them. In addition, rigorous analysis of finances had taken place and EW illustrated that federal funds at risk were less than .08% of the grant and related primarily to lack of adherence to policies and procedures. These amounts were recently confirmed by the outside audit.

## **2014-2015 Program Year Overspent**

A key finding by EW's new financial management, also covered in the fiscal review, was a failure to properly manage the number of hours per week a participant could work at his/her host agency, leading to obligations that exceeded the approved 2014-2015 budget. Seventy percent of the 2014-2015 questioned amounts in the fiscal report represented payment of participant wages and fringe benefits (PWFB). To cover this overspending, in late June, 2015, EW's former management and board depleted its unrestricted (non-federal) fund balance, as well as a reserve account holding funds to pay employee accrued but not taken annual leave. Thus, no federal funds were used for these overages. EW's new Board and management team have identified and are committed to continue identifying funding sources to replenish both non-federal account balances as soon as possible.

## **Additional Findings**

The remaining questioned costs outlined in the review by DOL, and also covered in the audit relate to inconsistent adherence to federal guidelines on travel, expense reimbursement documentation, as well as a decision to invest in a participant software system used by EW to serve older workers. In its response to DOL, EW's new Board and Executive Leadership performed a more intensive forensic review of fiscal activity through June 30, 2015, and identified further fiscal issues in the 2015 grant year not identified by the DOL report. Corrective action has been taken on every issue.

## **Moving Forward**

EW's response to DOL on the identified issues include a plan to restore its unrestricted funds and its employee leave accounts, and outlines that non-federal funds were used to cover the 2014-2015 budget overspending and any questioned costs included in the December 2015 monitoring report. To ensure adequate working capital in the immediate term, EW has secured a working capital line of credit and loan from NFU.