



Remediation Response to the Audit of the Residents Preference Program from 2019 to 2021



July 26th, 2023

Agenda

- Summary
- Comptroller Findings and Recommendations
- OEI Remediations



Introduction

The Office of Equity and Inclusion (OEI) accepts each of the five findings brought forth by the Office of the Comptroller and has set forth actionable remediation measures. OEI will continue its proactive efforts to further comply with all sections of MCO 355 and improve the quality of information entered into LCR.



Audit Finding #1

Finding: Control Design

Process not designed to track and monitor MCO 355-9 (Apprenticeship & OJT) and MCO 355-11 (First-Source Employment Utilization) requirements.

In addition, and there is no process to monitor that the First-Source Employment Program is being utilized, including, maintaining a database of opportunities and communicating opportunities to City residents.

Recommendation: DOA should design a process to monitor compliance with all provisions of MCO 355 including apprenticeship and first-source employment provisions.

Audit Finding #1 Remediation

Remediation 1a:

- OEI has replaced Labor Compliance and Payroll (LCP) Tracker with Labor Compliance Reporting (LCR), a city developed tracking and verifications system
 - LCR will be designed to track developer utilization of apprenticeship and first source provisions

Remediation 1b:

- Promote and expand the utilization of the smart platform DirectConnectMKE (DCMKE)
- Maintain a database of opportunities from DCMKE's network of 54 Employment Service Agencies with outcome reporting by Q3 2024.

Audit Finding #1 Remediation

Remediation 1c:

- Continued partnership with First Source Agency WRTP | BIG STEP
- Expand partnership with Employment Service Agencies that have American Job Center/One Stop Status, as First Source employment agencies.

Remediation 1d:

- OEI will enter into secured Residency Preference Program (RPP) Data sharing agreements with Building and Contractors Unions to ensure continuity of a workforce pipeline for a laborer's career journey from pre-apprenticeship, apprenticeship, and on to journeyman placement.

Audit Finding #2

Finding: Apprenticeship and On-The-Job Training

The minimum Apprenticeship and On-The-Job training requirements were not established in the two sampled projects.

The HR Agreements with Developers state that there will be an established minimum amount of required Apprenticeship and On-The-Job Training hours to align with MCO 355-9. Since every project is different, MCO 355-9 does not specify a set of minimum hours per project.

Recommendation: The Office of Equity and Inclusion should create a policy establishing minimum amount of Apprenticeship and On-The-Job Training hours prior to the project commencing.



Audit Finding #2 Remediation



Remediation 2:

- Create a policy by Q3 2024 reporting, establishing a minimum measurable amount of Apprenticeships and On-The Job Training hours prior to the respective project commencement.
 - The minimum will be calculated in accordance to MCO 355-9 guidelines.

Audit Finding #3

Finding: Annual RPP Reports.
MCO 355 requires The Office of Equity and Inclusion (OEI) to submit an annual report on RPP compliance activities.

Recommendation: OEI should compile Residents Preference Program annual reports.



Audit Finding #3 Remediation



Remediation 3: OEI already requires Developers to submit quarterly compliance reports on RPP Workforce Inclusion, and SBE Business Inclusion. In addition, OEI will work with ITMD to explore the design of a reporting system on LCR that will support the compilation of annual RPP reports, with the first report submitted in October of 2024.

Audit Finding #4

Finding: Compliance Tracking

Nineteen of the 46 workers sampled as having Special Impact Area (SIA) designation had addresses in payroll records that were outside of SIA

Recommendation: OEI should enhance processes in place to test the quality of the data being entered into LCP Tracker.



Audit Finding #4 Remediation

Remediation 4:

With transiency being a factor there's an expected eligible proportion of RPP participants who live outside of SIA. However, OEI has:

- (1) Ceased the use of the LCP Tracker on December 31st 2022
- (2) Exported all data from LCP Tracker to LCR, and
- (3) Had LCR go live at the start of the new year – 2023

In addition, OEI, in partnership with ITMD, is working to:

- Design LCR with the ability to input a change of address request, and
- Create a policy that prompts Developers to request address updates from all their RPP workers on an annual basis.
 - Collated evidence of this new tracking on LCR is anticipated by Q3 2024.

Audit Finding #5 Timeliness of Developer Reporting



Internal Audit selected a random sample of two projects completed during the audit period. For the 511 project, three employers submitted construction time reports late for ten employees. For the Seven04 project, six employers submitted construction time reports late for ten employees.

Recommendation: OEI should monitor timeliness of LCP Tracker entries and intervene as needed.

Audit Finding #5 Remediation

Remediation 5:

- LCP Tracker is no longer in use as of December 31st 2022
- OEI will work with ITMD to explore LCR, modifications to design, timeline alerts for Developers entering payroll data.
- The OEI Contract Compliance Officer will manage information in a manner that creates email lead-time alerts for Developers to complete their payroll reporting.





Thank You.

