



**COUNTY OF SAN LUIS OBISPO  
BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor-Controller-Treasurer- Tax Collector	(2) MEETING DATE 12/9/2025	(3) CONTACT/PHONE Kari Lekvold (805) 781-4846	
(4) SUBJECT Request to receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc. for program year 2024-25.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc. and provide direction as deemed necessary.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0	(8) ANNUAL FINANCIAL IMPACT \$0	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP No	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date <u>7/9/2024</u>	
(17) EXECUTIVE OFFICE REVIEW Zachary A. Lute			



## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James W. Hamilton, CPA, Auditor – Controller – Treasurer – Tax Collector

DATE: December 9, 2025

SUBJECT: Request to receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc. for program year 2024-25.

### **RECOMMENDATION**

It is recommended that the Board receive, review, and file the Workforce Innovation and Opportunity Act Fiscal and Procurement Review Monitoring Report for Eckerd Youth Alternatives, Inc. and provide direction as deemed necessary.

### **DISCUSSION**

The 2014 Workforce Innovation and Opportunity Act (WIOA) is a federally funded grant program that aims to support workforce development initiatives. The WIOA grant focuses on promoting a demand-driven approach to workforce development by aligning job seekers' skills with the needs of employers. The grant funds can be used for a range of activities, including job training, career counseling, apprenticeships, and on-the-job training. The grant supports programs for youth, adult workers, and dislocated workers.

For the program year 2024-25, contracts totaling \$1,398,000 were awarded to Eckerd Youth Alternatives, Inc. (Eckerd) to provide adult, dislocated workers, and youth job services in the County.

In accordance with the WIOA grant requirements, annual fiscal and procurement monitoring is conducted to ensure that grant funds have been spent in accordance with federal and state laws, regulations, policies, and directives related to WIOA funds.

Our fiscal and procurement monitoring objectives were:

- To determine whether expenditure reports were accurate, current, and complete.
- To determine whether payroll costs were accurately charged as direct or allocated costs and were appropriate and authorized.
- To determine whether invoiced expenses were accurately charged as direct or allocated costs and were allowable, appropriate, and authorized.

- To determine whether purchases made through procurement processes complied with applicable federal guidelines.

We determined that Eckerd generally complies with the financial management requirements with the exceptions outlined in the attached report. We identified two findings. One finding related to the improper billing of holiday pay, which led to overbilling of \$6,421.21. The other finding related to proper timecard approvals for youth work experience, which led to overbilling, at the time of the report of \$212.65. Additional details are included in the attached report.

Eckerd agreed with our recommendations and their responses are included in the report.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

The Department of Social Services receives and administers WIOA grant funds to Eckerd Youth Alternatives, Inc.

#### **FINANCIAL CONSIDERATIONS**

The County's 2024-25 WIOA program contracts with Eckerd Youth Alternatives, Inc. totaled \$1,398,000.

#### **RESULTS**

Audits of grants improve compliance and support monitoring consistent with the County's vision of a livable and well governed community.

#### **ATTACHMENTS**

- 1 WIOA Fiscal and Procurement Review Monitoring Report of Eckerd Youth Alternatives PY 2024-25



**COUNTY OF SAN LUIS OBISPO**  
**Office of James W. Hamilton, CPA**  
***Auditor-Controller • Treasurer-Tax Collector • Public Administrator***

**Michael Stevens, Deputy**  
**Justin Cooley, Deputy**

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**Workforce Innovation and Opportunity Act  
Fiscal and Procurement Review  
Monitoring Report of  
Eckerd Youth Alternatives, Inc.**

**Program Year 2024-25**

Department of Social Services

June 2025

**James W. Hamilton, CPA**  
**Auditor-Controller • Treasurer-Tax Collector**



**COUNTY OF SAN LUIS OBISPO**  
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**Michael Stevens, Deputy**  
**Justin Cooley, Deputy**

TO: DEVIN DRAKE, SOCIAL SERVICES DIRECTOR

FROM: JAMES W. HAMILTON, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: JUNE 19, 2025

SUBJECT: WORKFORCE INNOVATION AND OPPORTUNITY ACT ANNUAL FISCAL AND  
PROCUREMENT REVIEW MONITORING REPORT FOR PROGRAM YEAR 2024-25

Our office recently completed the annual fiscal and procurement monitoring review of the Workforce Innovation and Opportunity Act funded contracts with Eckerd Youth Alternatives, Inc. for the 2024-25 program year. The review identified two findings and two suggested improvements. A written response with a corrective action plan is required for the findings, which are outlined below.

**BACKGROUND**

The Workforce Innovation and Opportunity Act (WIOA) is designed to strengthen and improve the public workforce systems and put job seekers back to work by helping workers acquire the skills employers need and help employers access the talent pool available to compete in a global economy. For Program Year 2024-25, the Department of Social Services (DSS) awarded WIOA contracts to Eckerd Youth Alternatives, Inc. (Eckerd) in the amount of \$1,398,000 to provide youth and adult job services in the County.

Eckerd was awarded \$670,000 for Adult and Dislocated Worker programs. This includes \$370,000 to the Adult program and \$300,000 to the Dislocated Worker program. Additionally, Eckerd was awarded \$728,000 to provide youth employment, training and education services.

These programs provide job seekers employment opportunities through community partner agencies as well as services provided through the America's Job Center of CA (AJCC) site and Atascadero Chamber of Commerce satellite office. Job seeker services include outreach, intake/eligibility, orientation, education/training, and other supportive services.

**PURPOSE**

Our review was conducted under the authority of Section 667.410 (b) (1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The objective of this review was to determine Eckerd's financial management and procurement compliance with applicable federal and state laws, regulations, policies, and directives related to the Workforce Innovation and Opportunity Act funding.



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## METHODOLOGY

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* require that the internal audit activity be independent and internal auditors be objective in performing their work. The *Standards* also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated.

Our procedures related to financial management focused on internal controls including fiscal policies and procedures, allowable costs, and accurate and complete fiscal reporting. Our procedures related to procurement focused on internal controls including procurement policies and procedures, methods of procurement, cost and price analyses, contract terms and agreements.

We collected the information for this report through interviews with representatives of Eckerd, review of Eckerd's applicable policies and procedures, and review of supporting documentation for samples of reimbursement claims, expenditures and procurements occurring in the 2024-25 program year.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas we reviewed. It is Eckerd's responsibility to ensure that their systems, programs, and related activities comply with the WIOA grant program requirements, federal and state regulations, and applicable directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, remain Eckerd's responsibility.

## FISCAL REVIEW RESULTS

We determined that Eckerd is meeting applicable WIOA requirements concerning the financial management for program year 2024-25 excluding the two findings noted below. Eckerd's written response with corrective action plan is included below.

### Finding 1

**Requirement:** According to 2 CFR § 200.431, payments for holidays are allowable if they are provided under established written leave policies, are equitably allocated to all related activities, and follow a consistent accounting basis.

**Observation:** Eckerd employees were compensated for four holidays that are not recognized as Eckerd-approved holidays.





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**Cause(s):** Eckerd did not have a formal written policy documenting its practice of paying employees for Career Center closure holidays, such as Native American Day. Additionally, this practice was not explicitly indicated or authorized in the contract. As a result, the payments did not meet federal requirements for allowability under 2 CFR § 200.431.

**Effect:** This resulted in the improper billing of holiday pay based on an undocumented practice, leading to overpayments totaling \$6,421.21.

**Recommendation:** Eckerd should document its holiday pay practices in written policy, specifically addressing how closures of the Career Center on non-Eckerd observed holidays affect employee compensation by the start of the new program year, July 1, 2025. This policy should be aligned with federal cost principles and the partnership agreement to ensure consistent and allowable payroll charges.

**Finding 2**

**Requirement:** CFR 2, 200.430 (i)(1)(i) requires that charges for salaries and wages be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

**Observation:** Eckerd Career Coaches approve youth work experience timecards in UpRys, a third party as the Employer-of-Record. One youth participant was paid for three days not worked, and the timecard had not yet been approved by the worksite supervisor at the time of payroll processing.

**Cause(s):** Payroll was processed prior to the worksite supervisor's approval, who has direct knowledge of the hours worked.

**Effect:** A \$212.65 overpayment of Youth work experience wages, taxes, and fees were paid for the payroll ending August 3, 2024. Although the participant repaid the funds, the reimbursement has not yet been credited to the program.

**Recommendation:** We recommend that worksite supervisors approve participant's timecards prior to payroll processing effective immediately. Additionally, we recommend implementing procedures by June 30, 2025, to track and ensure timely recovery



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of overpayments, and that the \$212.65 is refunded to the Youth Program by the same date.

Two suggested improvements were identified during our review. They are included below and represent issues which are lower risk than findings, thus they do not require a written response from management. They are often best practices that can be adopted to improve controls and/or enhance operations.

Suggested Improvements:

- 1) Review holding account at least quarterly to ensure charges are invoiced timely and budget to actual comparisons are accurate.
- 2) Document the programmatic benefit of choosing lower-cost weekend flights when doing so increases other travel costs, and apply this documentation consistently across similar travel instances.

PROCUREMENT REVIEW RESULTS

Eckerd did not make any purchases subject to WIOA procurement monitoring requirements.

We would like to thank your staff and Eckerd for the cooperation and assistance we received during our review. If you have any questions regarding this report, please contact Kari Lekvold, Internal Audit Manager, at (805) 781-4846.

Sincerely,

A handwritten signature in black ink, appearing to read "JW Hamilton".

James W. Hamilton, CPA  
Auditor-Controller-Treasurer-Tax Collector

Cc: Dawn Boulanger, Department of Social Services Workforce Development Board Director  
Diana Marin, Department of Social Services Program Manager  
Atoosa Boyd, Department of Social Services Fiscal Administrator  
Eddie Hernandez, Program Review Specialist  
Marc Gonzales, Auditor Analyst  
Sarah Hayter, Administrative Analyst  
Michelle Arencibia, Eckerd Finance Manager  
Christina Kuhn, Eckerd Operations Director  
Jonathan Ziegler, Eckerd VP of Operations





June 11, 2025

Keri Lekvold, CPA  
Internal Audit Chief  
County of San Luis Obispo – Department of Social Services

RE: Workforce Innovation and Opportunity Act (WIOA) Fiscal and Procurement Review Monitoring Report for Program Year 2024-25.

Dear Kari,

Eckerd Connects has received the monitoring letter and Draft Results of the Fiscal and Procurement Review Monitoring Report for PY 2024-25. Please allow this letter to serve as a formal response to your email received on May 27, 2025.

We have reviewed the Draft Letter which states (2) findings that were noted during the compliance monitoring. The following outlines our action steps for the identified areas.

**Finding #1:**

Observation:	Eckerd employees were compensated for four holidays that are not recognized as Eckerd-approved holidays.
Cause(s):	Eckerd did not have a formal written policy documenting its practice of paying employees for Career Center closure holidays, such as Native American Day. Additionally, this practice was not explicitly indicated or authorized in the contract. As a result, the payments did not meet federal requirements for allowability under 2 CFR § 200.431.
Effect:	This resulted in the improper billing of holiday pay based on an undocumented practice, leading to overpayments totaling \$6,421.21.
Recommendation:	Eckerd should document its holiday pay practices in written policy, specifically addressing how closures of the Career Center on non-Eckerd observed holidays affect employee compensation by the start of the new program year, July 1, 2025. This policy should be aligned with federal cost principles and the partnership agreement to ensure consistent and allowable payroll charges.

**Eckerd's Corrective Action Plan/Response:** Eckerd Connects has updated the Holiday policy to address this finding. Updated policy attached to this email response.



**Finding #2:**

Requirement:	CFR 2, 200.430 (i)(1)(i) requires that charges for salaries and wages be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
Observation:	Eckerd Career Coaches approve youth work experience timecards in UpRys, a third party as the Employer-of-Record. One youth participant was paid for three days not worked, and the timecard had not yet been approved by the worksite supervisor at the time of payroll processing.
Cause(s):	Payroll was processed prior to the worksite supervisor's approval, who has direct knowledge of the hours worked.
Effect:	A \$212.65 overpayment of Youth work experience wages, taxes, and fees were paid for the payroll ending August 3, 2024. Although the participant repaid the funds, the reimbursement has not yet been credited to the program.
Recommendation:	We recommend that worksite supervisors approve participant's timecards prior to payroll processing effective immediately. Additionally, we recommend implementing procedures by June 30, 2025, to track and ensure timely recovery of overpayments, and that the \$212.65 is refunded to the Youth Program by the same date.

**Eckerd's Corrective Action/Response:** The process for timecard review and approval has been updated to have WEX Training site supervisors approve the timecards prior to payroll processing. The Program Leadership will collaborate with Eckerd's billing team during monthly invoice review to track and ensure the timely recovery of overpayments. The credit will be made on the May 2025 invoice.

**Suggested Improvements:**

- 1) Review holding account at least quarterly to ensure charges are invoiced timely and budget to actual comparisons are accurate.

**Eckerd's Corrective Action/Response:** The program leadership team and Eckerd's billing team will collaborate at a minimum of quarterly during billing calls to review the holding account to ensure charges are invoiced timely and actual comparisons are accurate.

- 2) Document the programmatic benefit of choosing lower-cost weekend flights when doing so increases other travel costs, and apply this documentation consistently across similar travel instances.

**Eckerd's Corrective Action/Response:** If staff travel is required during the weekend, supportive documentation will be provided to show the programmatic benefit. This methodology will be applied consistently across similar travel instances.



We appreciate the opportunity to serve San Luis Obispo (SLO) County and look forward to our continued partnership. Please let me know if you have any questions or require additional information.

Sincerely,

*C. Kuhn*

Operations Director, Eckerd Connects




CC: Katie Zaragoza – Auditor- Analyst, SAP Systems Support, Auditor-Controller-Treasurer-Tax Collector, County of San Luis Obispo

Dawn Boulanger – Executive Director, Workforce Development Board of San Luis Obispo County

Diana Marin – Program Manager, Workforce Development Board of San Luis Obispo County

Eddie Hernandez – MIS Administrator–ETPL Coordinator, Workforce Development Board of San Luis Obispo County

Jonathan Zeigler – Senior Vice President Operations, Eckerd Connects

	<b>HOLIDAYS</b>		
	Effective Date: <b>06/11/2025</b>	Chapter: <b>C. Finance</b>	Policy #: <b>C4.04.01</b>
	Supersedes: <b>9/28/2022</b>	Programs Applicable To: <b>All</b>	Policy Owner: <b>Finance</b>
	Review Dates:		
Chief Executive Officer: <b>David Dennis</b> 		Chief Financial Officer: <b>Nicole Stroebel</b> 	
Companies Applicable To: <b>Eckerd Connects and all affiliated organizations</b>			

## OVERVIEW

The Organization provides eleven (11) paid holidays for employees each calendar year.

## POLICY

A. The Organization observes the following holidays:

1. New Year's Day
2. Martin Luther King Jr. Day
3. Memorial Day
4. Juneteenth
5. Independence Day
6. Labor Day
7. Veteran's Day
8. Thanksgiving Day
9. Friday following Thanksgiving Day
10. Christmas Eve
11. Christmas Day

B. Paid Holidays

1. All regular, full-time employees will receive holiday pay in the amount of their normal rate for all observed holidays.

*All company policies, procedures, work-product, and related products are confidential and proprietary.*

Holidays (Policy C4.04.01)

2. Part-time employees that are designated SCA employees at the Job Corps centers will receive pro rata share of holiday pay if the employee worked in the week prior to the holiday week.
3. Employees who are required to work on an observed holiday must take the holiday time either 30 days prior to or 30 days after the scheduled holiday. It is up to the employee and their supervisor to ensure that they are allowed the holiday time off. Holidays do not carry over from year to year.
4. Employees assigned to the Job Corps centers that are required to work on an observed holiday will be given the option of being paid for hours worked in addition to the holiday hours or taking the holiday hours within 30 days of the scheduled holiday.
5. Employees will not be entitled to holiday pay if the employee is on a leave of absence when the holiday occurs unless that leave is an approved Workers Compensation leave and is during the elimination period (refer to the Workers Compensation Policy).
6. Employees assigned to a program that is closed on a holiday not observed by the Organization will receive holiday pay for that day when contractually or legally obligated to do so.

C. Paid Holidays During Vacations and Weekends

1. If a holiday occurs during the employee's use of Paid Time Off, holiday pay will be substituted for one day of Paid Time Off for that holiday.
2. Should an organization-recognized paid holiday fall on a Saturday, the holiday will usually be observed on the preceding Friday. If the holiday falls on a Sunday, the following Monday will usually be observed as the holiday.

D. Holidays are not considered a day worked for purposes of calculating overtime unless work is actually performed.

## REFERENCES

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[Paid Time Off Policy](#)

[Workers Compensation Policy](#)

## ACCOUNTABILITY

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*All company policies, procedures, work-product and related products are confidential and proprietary.*

Holidays (Policy C4.04.01)

The Finance Department will be accountable for administering this policy. Please contact the Finance Department if you have any questions about the interpretation of this policy.

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Holidays (Policy C4.04.01)