



Contra Costa County

To: Board of Supervisors
From: David Twa, County Administrator
Date: January 14, 2014

Subject: Transfer of Audit & Litigation Reserves for Payment to Worldwide Education Services, Inc.

RECOMMENDATION(S):

ADOPT Appropriations and Revenue Adjustment No. 5036 approving the transfer of funds in the amount of \$584,867 from the General Fund Reserve for Audit/Litigation to the Employment and Human Services Department to pay Worldwide Educational Services, Inc. for amounts that are owed for fiscal ending June 30, 1999, June 30, 2000 and June 30, 2001 under Settlement Agreement and Mutual Release (Number 21-190-0).

FISCAL IMPACT:

The recommended action will result in a General Fund cost of \$584,867. No State or federal revenue source is available for these costs.

BACKGROUND:

The County and Worldwide Educational Services, Inc., entered into contracts for fiscal years 1998/1999, 1999/2000 and 2000/2001 (collectively, "the contracts"). Under those contracts, Worldwide Educational Services ("Worldwide") provided employment- related services for County clients enrolled in the following federally funded programs: the Job Training Program Act; the Workforce Investment Act; and Welfare to Work. A contractual

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/14/2014** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 14, 2014

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Dorothy Sansoe (925)
335-1009

cc:

dispute arose between the parties regarding unpaid demands and

BACKGROUND: (CONT'D)

close-out costs from each of the fiscal years.

On October 18, 2005, the Board of Supervisors approved a Settlement Agreement and Mutual Release that required the parties to submit this contractual dispute to a binding audit. The objective of the audit was to verify and validate the nature and extent of all costs and charges under the contracts. The results of the audit would be binding on both parties. Further, under the Settlement Agreement and Mutual Release neither party had the ability to challenge the results of the audit.

On October 31, 2013, the department received the final report from R.J. Riccardi, Inc., Certified Public Accountants. The report determined that the County owed Worldwide \$584,867 for all three fiscal years.

The Employment and Human Services Department does not have sufficient funding to cover the costs of the amount owed under the Settlement Agreement and Mutual Release. Further, no state or federal revenue is available to cover any of these costs. Therefore, it is recommended that the Board of Supervisors approve the requested appropriation adjustment, transferring funding of \$584,867 from the General Fund Reserve for Audit/Litigation to the Employment and Human Services Department.

CONSEQUENCE OF NEGATIVE ACTION:

Failure to pay amounts owed may result in further litigation and costs.

CHILDREN'S IMPACT STATEMENT:

Not Applicable.

ATTACHMENTS

Appropriation Adj 5036