

Employment and Training Corporation Training and Employment Exposure Scheme

EUROSAI Training Event

Seminar on “Auditing of Social Security Systems”

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Parts of the Presentation

- Background
- The Scheme
- Audit Scope
- Key Issues
- Control Issues
- Management's Response

Background

- The Training and Employment Exposure Scheme (TEES) was aimed to assist unemployed persons over the age of forty, having been registering for six months, to enter the labour market*.
- Although the final beneficiary of the scheme is the Employment and Training Corporation (ETC), the management of this scheme was outsourced following a public call for tenders.
- The allocation for the project was €4,344,672, with 75% co-financing from the European Social Fund (ESF). The remaining 25% were borne by the Maltese Government.

The Scheme – Phase 1

Divided into three phases for a total duration of 52 weeks.

Phase 1

- During the first 4 weeks the responsibility of the scheme management lies with ETC.
- Participants are still considered as registrants with ETC, with social benefits being received where applicable.

The Scheme – Phase 2

Phase 2

Phase two lasts 21 weeks.

- Participants are given more intensive training in skills which are in demand in the labour market.
- Participants, who at this stage attend for 20 hours of training per week, are employed with the Management Company during this phase and remunerated accordingly by the latter.
- The Management Company subsequently claims reimbursement from ETC for wages paid to participants.

The Scheme – Phase 3

Phase 3

- Finally, the participants are assigned with an employer for 27 weeks of work exposure.
- Considered as full timers (working on a forty hour week basis).
- Wages are paid by the respective employers, who claim refunds from the Management Company, who in return invoices ETC.

The Scheme - Responsibility

Responsibility of The Scheme

Both during phase two and three, the Management Company was responsible for the management of the scheme.

- It was paid a fixed monthly retainer in respect of administration costs.
- Charged ETC another sum per intake per month for monitoring of participants.
- Costs for interviews with applicants and with potential employers were reimbursed.

Audit Scope

- Proper administration and management of the scheme.
- Legality and regularity of transactions.
- Ensure proper controls are in place.

Key Issues (1)

Reliance on Management Company

- Although the ultimate responsibility of the scheme lied with ETC, a high level of reliance was placed on the work carried out by the outsourced company managing the scheme.
- The Corporation was not always in possession of the required information regarding the participants of the scheme.

Key Issues (2)

Insufficient Checks carried out prior to the Issuing of Payments

- All invoices submitted by the Management Company were certified correct by the Final Beneficiary and Line Ministry. However, the applications and other supporting documentation were not adequately verified in support of the invoices presented for payment.

Control Issues – Avoidable costs

- Avoidable costs
 - ✓ *Information meetings held with potential employers were carried out on a one-to-one basis.*
 - ✓ *A number of employers with whom meetings were held did not even have any vacancies with their entity.*
 - ✓ *ETC was charged €46.50 for each meeting held, for a total of over €23,000 invoiced up to time of audit.*

Control Issues - Applications

- Informal guidelines issued by ETC on the criteria to be used by interviewers to rate applicants on the scoring grid were insufficient.
- Incomplete application forms and scoring grids.
- Neither name nor signature of interviewer evidenced on the application form.
- Interviews carried out by persons not indicated in the official list of interviewers forwarded by the Management Company.
- Applicants interviewed in more than one intake.

Control Issues - Overcharging

- Interviews carried out with applicants
 - *charged for applicants not attending for the interview.*
- Monitoring costs
 - *costs charged for March and April 2006 were higher than those agreed upon in the Tender Document. Both invoices were certified correct by the Project Leader and paid accordingly.*
- Transport expenses
 - *Reimbursement of ferry tickets of participants coming from a sister island were not supported with the tickets of the ferry.*

Control Issues – Attendance

- Insufficient control over attendance records of participants.
 - *One participant was paid a full month's wage to which he was not entitled. Another participant was overpaid one and half month's wage, with only part of the overpayment being recouped.*
- Participants not in receipt of Phase 1 completion certificate not excluded from scheme but accepted to join Phase 2.
- Weekly reporting of participants' attendance did not agree with attendance records maintained and was considered unreliable.
- A number of participants' attendance records were missing.

Control Issues - Monitoring

- Monitoring carried out by ETC not evidenced.
 - *Attendance records of Phase 1 were not countersigned by the Coordinator.*
 - *No monitoring was performed by ETC during phases two and three of the scheme, to ensure that the participant is actually working with the employer.*
- ETC did not oblige the Management Company to meet participants at the work place to ensure legality of wages being claimed.
- Monitoring carried out by the Management Company not properly recorded.

Control Issues - Others

- Selection of participants for the scheme or exclusion thereof, was not always clear.
- When the participant was not retained by the employer for the subsequent phase, no declaration was given by the latter stating the reasons for non-retention (although this was required by the agreement).

Management Comments

Corrective action was already taken to address certain issues during the course of the audit. Other recommendations will be implemented in the future to comply accordingly.

In addition, most of the overpayments made to the Management Company were recouped.

Thank you for your attention!

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