

Department of Labor and Workforce Development Sunset Public Hearing Update (Sunset Termination June 2020)

Findings

- 1 Amusement Device Unit staff did not document all communications with device owners and, therefore, could not explain late permit renewals**

Update: The previous computer application, eCMATS, did not allow issuance of a renewal permit until the old one had expired. The new computer application, Jurisdiction On-Line, was installed December 5, 2018, and allows tracking of devices and permits.

The Amusement Device Unit supervisor has completed random quality assurance checks for FY2018-2019 and FY2019-2020 (current) to verify that permits are issued timely, documents are properly stored, and permit decals are printed and mailed timely.

The quality assurance (QA) program is being monitored weekly for effectiveness and efficiency by division leadership. Results are stored on a shared drive for data review and retrieval purposes.

- 2 The Boiler Unit did not timely perform required inspections and follow-up inspections**

Update: The delinquency rate has been reduced in the last six (6) months from 4% to 3% (approximately 2100 devices). Four (4) additional Boiler positions have been requested to handle the backlog.

A new computer application, Jurisdiction On-Line, is scheduled to be fully functional by March 2020. This new system will trigger delinquent inspections/permits with alerts.

A Standard Operating Procedure (SOP) was completed in August 2019 to document the processes of the unit to improve inspection timeliness.

Each inspection report is reviewed by one of the unit's administrative assistants to verify that all required information is accurate and complete.

Division leadership conducts randomly QA checks to ensure inspection reports are accurately completed and correspondence is mailed timely and maintained in program files. QA results are stored on a shared drive for data review and retrieval purposes.

3 The Elevator Unit did not ensure each elevator or related device was inspected timely

Update: The delinquency rate has been reduced in the last six (6) months from 7% to 5% (750 devices). Five (5) additional Elevator Inspector positions have been requested to handle the backload.

The new computer application, Jurisdiction On-Line, was installed in June 2018. This new system triggers delinquent inspections/permits with alerts to help staff identify delinquent inspections.

A SOP has been developed to integrate the new system into the daily operation of the Unit.

4 The Elevator Unit improperly issued operating permits, did not ensure owners timely reported correction of code violations, and did not require verification of code violation corrections

Update: The previous computer application, eCMATS, did not block permits, when there was a delinquency or code violation. This has been corrected in the new Jurisdiction Online application installed on June 5, 2018. The new application allows tracking of inspected devices, review of permits, and follow up of code violations.

A SOP was completed in April 2019 to reflect the integration of the new computer application functions and define staff responsibilities.

Each inspection report is reviewed by one of the unit's administrative assistants to verify that all required information is accurate and complete.

Division leadership conducts random QA checks to ensure inspection reports are accurately completed. QA results are stored on a shared drive for data review and retrieval purposes.

5 As noted in the prior audit, department management did not have mine rescue teams located within two hours of underground mines

Update: The department could not comply with this statute. The administration brought legislation to relieve the Commissioner of Labor and Workforce Development of maintaining a state mine rescue corps. The law was amended by deleting the statutes establishing a state mine rescue corps within the department.

6 Department management did not ensure that substitutes on the state's mine rescue teams received adequate training

Update: The department could not comply with this statute. The administration brought legislation to relieve the Commissioner of Labor and Workforce Development of maintaining a state mine rescue corps. The law was amended by deleting the statutes establishing a state mine rescue corps within the department.

7 Labor Standards Unit personnel did not complete Non-Smoker Protection Act inspections as required by statute and did not comply with case management requirements specified in the unit's standard operating procedures

Update: Currently, Non-Smoker Protection Act (NSPA) inspections are required to be performed in conjunction with all inspections conducted under the program's jurisdiction (e.g., Child labor and Tennessee Lawful Employment Act).

A SOP was updated in March 2019 to reflect the requirements to complete NSPA on all applicable inspections.

Division leadership conducts random QA checks to ensure inspection reports are accurately completed, signatures are obtained, and correspondence is mailed timely and maintained in program files. Results are stored on a shared drive for data review and retrieval purposes.

8 The Administrator did not follow established law and policy to deposit collected funds promptly, nor did unit staff ensure these funds were secure until deposit

Update: Supervisors monitor payments received to ensure funds are deposited in accordance with F&A Policy 25.

9 The Director of Internal Audit did not notify the Comptroller's Office when the Adult Education Division's management and staff inappropriately used a sub-recipient's grant funds

Update: The Internal Audit Director has been appropriately communicating information to the Comptroller's Office including, but not limited to, on-site federal visits, monitoring reports, and internal audit reports.

The director also ensured that statutory documentation was submitted included, but not limited to, the department's Financial Integrity Act results and the six month

audit update from the *2018 Single Audit Report*. The six month audit update was also submitted to the Fiscal Review Committee.

10 The Prevailing Wage Commission once again did not set prevailing wages in accordance with statute

Update: In preparation for the 2019 Prevailing Wage Commission meeting, a spreadsheet has been developed to properly calculate the upper and lower limits set by statute for each craft surveyed. The final spreadsheet will be generated by the Prevailing Wage application and will be used by the Commission to set 2020 Prevailing Wage rates for the 25 crafts.

Matters for Legislative Consideration

11 The General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the Mine Safety Unit's mine rescue teams.

Update: In the 2019 legislative session legislation was carried and passed by the General Assembly to eliminate the requirement for state mine rescue teams maintained by the Tennessee Department of Labor and Workforce Development.

12 The General Assembly may wish to consider statutory changes to clarify the Prevailing Wage Commission's responsibilities regarding certified payroll records.

Update: The department is reviewing the need to modernize the current process.

Additional Information

13 Please provide a current Organization Chart for the Department.

Update: See attached.

14 Please provide Expenditure and Revenue information for the Fiscal Year Ended June 30, 2019.

Update: See attached.

At the request of the Chairman of the House Government Operations Committee, all agencies that provide responses to questions as part of the Q&A process should also provide the following information.

- 15 Identification of the appropriate agency representative or representatives possessing substantial knowledge and understanding of the responses provided to the sunset review questions.**

Update: Steve Hawkins, Deputy Commissioner

Thomas Herrod, Assistant Commissioner for the Workplace Regulation and Compliance Division

Fred Gaston, Assistant Commissioner for Human Resources

Andy Summar, Assistant Commissioner for Finance, Fiscal & Facilities

Kay Wilson, Fiscal Assistant Administrator for Finance, Fiscal & Facilities

Christopher A. Risher, Internal Audit Director

- 16 Identification of the appropriate agency representative or representatives who will respond to the questions at the scheduled sunset hearing.**

Update: Jeff McCord, Commissioner

Steve Hawkins, Deputy Commissioner

Deniece Thomas, Deputy Commissioner

Fred Gaston, Assistant Commissioner for Human Resources

Andy Summar, Assistant Commissioner for Finance, Fiscal & Facilities

Christopher A. Risher, Internal Audit Director

- 17 Office address, telephone number, and email address of the agency representative or representatives who will respond to the questions at the scheduled sunset hearing.**

Update: Jeff McCord, Commissioner
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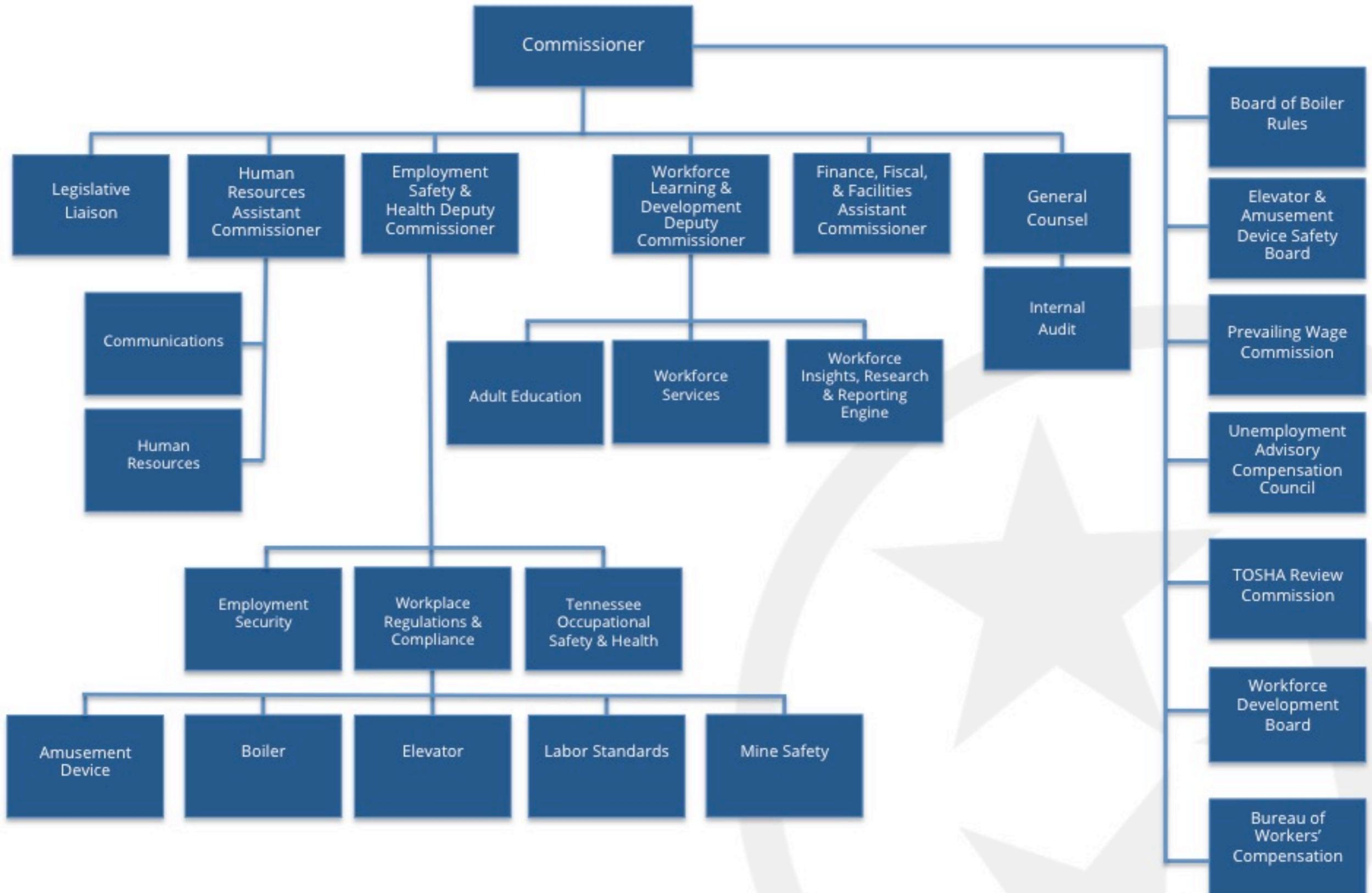
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Department of Labor & Workforce Development November 2019 Organizational Chart



Department of Labor and Workforce Development
Revenue and Expenditures
For Fiscal Year Ended June 30, 2019

	Dept. Total	Administration	Unemployment Insurance
State Appropriations	(48,723,905)	(3,195,000)	(298,800)
Federal Revenue	(132,688,645)	(6,089,882)	(33,056,479)
Current Services	(869,632)	-	(49,304)
Other	(5,365,354)	(1,546,556)	(3,558)
Reserves	-		
Total Funding	(187,647,536)	(10,831,438)	(33,408,141)
Salaries and Wages	47,048,472	2,726,866	14,704,250
Employee Benefits	19,271,737	1,008,135	6,244,828
Travel	1,799,076	22,695	73,717
Printing and Duplicating	62,998	1,402	2,841
Utilities and Fuel	115,292	-	984
Communications	1,404,849	3,548	1,115,643
Maint. & Repairs	230,743	1,817	122,109
Prof Services Third Party	5,460,187	13,638	404,415
Supplies and Materials	529,298	23,257	88,376
Rentals and Insurance	790,914	16,344	53,416
Motor Vehicle Operation	6,543	334	30
Awards and Indemnities	2,440,427	3,187	-
Grants and Subsidies	66,445,607	-	255,912
Unclassified	26,000	800	8,400
Equipment	73,007	-	-
Training	303,992	12,400	14,005
Data Processing	9,658,289	420,058	5,801,319
Prof Services by State Agency	19,466,491	5,674,209	4,428,624
Total Expense	175,133,922	9,928,690	33,318,869
NET Deficit (Surplus)	(12,513,614)	(902,748)	(89,272)
Approximate to reserves	8,500,000		
Remainder	(4,013,614)		

Department of Labor and Workforce Development
Revenue and Expenditures
For Fiscal Year Ended June 30, 2019

	TOSHA	Mines	Boilers, Elevators and Amusement	Labor Standards
State Appropriations	(5,999,400)	(363,600)	(6,008,200)	(1,164,700)
Federal Revenue	(4,398,951)	(168,711)	-	-
Current Services	(3,376)	(36,270)	(8,122)	(19)
Other	(1,000)	-	(67,980)	-
Reserves				
Total Funding	(10,402,727)	(568,581)	(6,084,302)	(1,164,719)
Salaries and Wages	5,013,762	212,887	2,737,458	478,226
Employee Benefits	2,000,698	109,930	1,124,997	203,747
Travel	559,013	8,194	114,512	27,777
Printing and Duplicating	1,102	-	774	285
Utilities and Fuel	-	-	-	-
Communications	32,117	412	60,345	17,274
Maint. & Repairs	6,097	-	-	-
Prof Services Third Party	80,744	-	20,771	4,188
Supplies and Materials	160,752	1,551	30,653	4,232
Rentals and Insurance	13,768	1,403	39,245	11,025
Motor Vehicle Operation	-	-	304	-
Awards and Indemnities	11,876	-	280	-
Grants and Subsidies	-	-	-	-
Unclassified	400	-	-	-
Equipment	5,907	-	63,100	-
Training	77,641	-	10,629	750
Data Processing	121,459	2,795	219,494	31,305
Prof Services by State Agency	1,071,755	144,844	921,123	166,702
Total Expense	9,157,091	482,016	5,343,685	945,511
NET Deficit (Surplus)	(1,245,636)	(86,565)	(740,617)	(219,208)
Approximate to reserves				
Remainder				

Department of Labor and Workforce Development
Revenue and Expenditures
For Fiscal Year Ended June 30, 2019

	Workforce Services	Adult Education	WIRED	Work Comp (WCEMEEF)
State Appropriations	-	(4,648,000)	(111,000)	(1,190,500)
Federal Revenue	(76,436,374)	(9,072,082)	(3,466,166)	-
Current Services	(372,005)	(113,621)	-	-
Other	(3,746,260)	-	-	-
Reserves				
Total Funding	(80,554,639)	(13,833,703)	(3,577,166)	(1,190,500)
Salaries and Wages	10,258,308	643,019	1,800,666	290,115
Employee Benefits	4,151,463	247,179	754,652	164,603
Travel	678,696	158,975	16,490	3,125
Printing and Duplicating	51,968	-	-	245
Utilities and Fuel	114,308	-	-	-
Communications	135,510	466	848	-
Maint. & Repairs	92,436	-	-	19
Prof Services Third Party	2,835,503	861,372	556,143	1,356
Supplies and Materials	123,377	45,237	3,171	796
Rentals and Insurance	598,068	45,016	308	38
Motor Vehicle Operation	5,868	-	-	-
Awards and Indemnities	168	93	-	-
Grants and Subsidies	56,283,245	9,906,450	-	-
Unclassified	-	-	-	400
Equipment	-	-	-	-
Training	53,514	10,759	11,460	3,900
Data Processing	2,042,081	178,212	315,945	4,615
Prof Services by State Agency	3,326,623	193,616	143,444	126,232
Total Expense	80,751,136	12,290,394	3,603,127	595,444
NET Deficit (Surplus)	196,497	(1,543,309)	25,961	(595,056)

Approximate to reserves
Remainder

Department of Labor and Workforce Development
Revenue and Expenditures
For Fiscal Year Ended June 30, 2019

	Second Injury Fund	Workers Compensation
State Appropriations	(10,049,300)	(15,695,405)
Federal Revenue	-	-
Current Services	(54,239)	(232,676)
Other	-	-
Reserves		
Total Funding	(10,103,539)	(15,928,081)
Salaries and Wages	634,612	7,548,303
Employee Benefits	289,562	2,971,943
Travel	8,653	127,229
Printing and Duplicating	633	3,748
Utilities and Fuel	-	-
Communications	1,117	37,569
Maint. & Repairs	-	8,265
Prof Services Third Party	312,308	369,749
Supplies and Materials	620	47,276
Rentals and Insurance	75	12,208
Motor Vehicle Operation	-	7
Awards and Indemnities	2,413,202	11,621
Grants and Subsidies	-	-
Unclassified	2,800	13,200
Equipment	-	4,000
Training	545	108,389
Data Processing	10,851	510,155
Prof Services by State Agency	128,312	3,141,007
Total Expense	3,803,290	14,914,669
NET Deficit (Surplus)	(6,300,249)	(1,013,412)
Approximate to reserves		
Remainder		