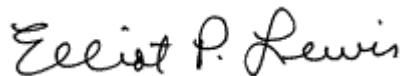


**U.S. DEPARTMENT OF LABOR  
EVALUATION OF GRANT CLOSEOUT  
PRACTICES APPLIED TO  
JOB TRAINING PARTNERSHIP ACT GRANTS  
GRANTS AWARDED TO THE STATE OF OHIO  
INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**JULY 1, 1997 THROUGH JUNE 30, 2000**

R. Navarro & Associates, Inc. prepared this report under contract to the U.S. Department of Labor, Office of Inspector General, and by acceptance it becomes a report of the Office of Inspector General.



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Assistant Inspector General for Audit  
U.S. Department of Labor

Report No.: 04-03-021-03-340  
Date Issued: May 6, 2003

***R. NAVARRO & ASSOCIATES, INC.***

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## *ACRONYMS*

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CFR	Code of Federal Regulations
DOL	U.S. Department of Labor
ETA	Employment and Training Administration
FSR	Financial Status Report
FY	Fiscal Year
JTPA	Job Training Partnership Act
OIG	Office of the Inspector General
SFY	State Fiscal Year
PY	Program Year
SEFA	Schedule of Expenditures of Federal Awards
SFY	State Fiscal Year
STATE	State of Ohio
WIA	Workforce Investment Act

Mr. Elliot P. Lewis  
Assistant Inspector General for Audit  
Office of Inspector General  
U.S. Department of Labor

***INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES***

We performed the procedures enumerated in the Procedures and Findings section of this report. The U.S. Department of Labor (DOL), Office of Inspector General (OIG), agreed to these procedures. We completed the procedures solely to assist OIG in evaluating the State of Ohio's closeout practices for Job Training Partnership Act (JTPA) grants, awarded by the DOL Employment and Training Administration (ETA) from July 1, 1997 through June 30, 2000.

Management of the State of Ohio is responsible for closing JTPA grants in accordance with applicable regulations and requirements established by ETA. ETA is responsible for processing and certifying grant closure, and recording final obligation, expenditure and payment information in the DOL's general ledger.

This agreed-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of your office as the specified user of the report. Consequently, we make no representation regarding the sufficiency of the procedures performed either for the purpose for which this report has been requested or for any other purpose.

The results of our procedures are described in the "Procedures and Findings" section of this report.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying information obtained from the respective entities. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOL, OIG, and is not intended to be, and should not be used, by anyone other than the specified party.

March 1, 2002

*R. Navant & Associates, Inc.*

## ***SUMMARY OF FINDINGS***

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The State of Ohio (State) submitted its Job Training Partnership Act (JTPA) closeout package to the U.S. Department of Labor (DOL), Employment and Training Administration (ETA) on May 31, 2001. We obtained the final JTPA expenditures reported on the closeout report, and found that the expenditures reported reconciled to the Ohio's accounting records. In addition, the final expenditures reported were reasonable based on amounts previously reported on final Financial Status Reports (FSRs).

The JTPA program was audited as a major program in Ohio's single audits for State Fiscal Year (SFY) 1998 and SFY 1999. The State's single audit report for SFY 1999 included three findings that were subsequently resolved. The findings pertained to (1) cash management, (2) subrecipient monitoring, and (3) property management.

We visited two subrecipients, and found that final expenditures reported to the State were reconciled to the subrecipients' accounting records.

### **State of Ohio's Response**

The Ohio Department of Job and Family Services provided a written response to our draft report, dated March 13, 2003, which is included in its entirety at Exhibit I. Ohio agreed with the information presented in the report.

## ***BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY***

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### **Background**

The JTPA was enacted in 1982 to provide job training programs which would afford disadvantaged youth and adults with the training necessary to obtain productive employment. The JTPA program was repealed on June 30, 2000, when ETA implemented a successor program, authorized by the Workforce Investment Act. The closeout of active JTPA grants began in July 1999, with final closeouts due no later than December 31, 2000. Unspent funds from the PY 1998 and PY 1999 JTPA State grants were authorized for transition into the WIA program.

All JTPA closeout information is sent to the DOL, ETA, Office of Grant and Contract Management, Division of Resolution and Appeals. According to 20 CFR, Part 627.485, JTPA grants should normally have been closed within 90 days after the time limitation for expenditure of JTPA funds. For PY 1997 grants, the 90-day limitation expired September 30, 2000. However, in certain instances, ETA extended the reporting beyond that specified in the program regulations. According to instructions set forth by ETA in the *JTPA Financial Closeout Technical Assistance Guide*, final JTPA financial reports for PY 1998 and PY 1999 grants should have been submitted no later than December 31, 2000.

### **Objectives, Scope and Methodology**

In general, our procedures were designed to determine if: the State of Ohio closed its JTPA grants on a timely basis in accordance with ETA instructions; amounts reported in the closeout packages and/or the final cost reports were reasonable and supported by the State=s and subrecipients' accounting records; and there were unresolved audit findings pertaining to JTPA awards.

Our agreed-upon procedures include the JTPA funds awarded to the State of Ohio for PYs 1997, 1998 and 1999, and FYs 1997 and 1998. Procedures were applied to grant activities reported by the State and two subrecipients, Toledo Private Industry Collaborative and Work Services Unlimited, Inc., on final closeout reports.

**PROCEDURES AND FINDINGS**

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- 1. Identify the State’s JTPA grants to be included in the scope of these procedures, and how the obligations and final reported expenditures related to each.**

The JTPA grants awarded to the State of Ohio and included in the scope of these procedures are below (expenditure numbers based on amounts reported on final closeout package):

Year and Title	Federal Obligations Authority	Per Grantee Closeout		Net Expenditures (Computed)
		Total Reported Expenditures	Inter-title Transfers	
FY97 IIB	\$ 32,431,985	\$ 28,333,903	\$(4,098,082)	\$ 32,431,985
PY 97 II & III F	69,057,915	73,155,997	4,098,082	69,057,915
FY 98 IIB	34,457,236	31,788,413	(2,668,823)	34,457,236
PY 98 II & III F	74,065,989	76,734,812	2,668,823	74,065,989
PY 98 III EDWAA-D	5,934,518	5,934,518	0	5,934,518
PY 99 IIB & IIC	39,285,194	34,844,828	(227,429)	35,072,257
PY 99 IIA & III F	<u>66,381,424</u>	<u>52,265,709</u>	<u>227,429</u>	<u>52,038,280</u>
Total	<u>\$321,614,261</u>	<u>\$303,058,180</u>	<u>\$ 0</u>	<u>\$303,058,180</u>

- 2. Determine if the JTPA grants awarded to the State were closed on a timely basis in accordance with ETA instructions.**

The State submitted the final closeout package on May 31, 2001, which was not within the timeframe established by ETA.

- 3. Inspect the closeout information reported to ETA, and determine if the information appears reasonable based on data previously reported on final FSRs.**

We compared the expenditure information reported on the closeout to that reflected on previously submitted final FSRs, and noted only minor changes as follows:

<b>Year and Title</b>	<b>Expenditures Per Final FSR's</b>	<b>Expenditures Per Closeout</b>	<b>Increase (Decrease)</b>
FY97 IIB	\$28,333,903	\$28,333,903	\$0
PY 97 II & III F	73,155,997	73,155,997	0
FY 98 IIB	31,788,413	31,788,413	0
PY 98 II & III F	76,734,812	76,734,812	0
PY 98 III EDWAA-D	5,934,518	5,934,518	0
PY 99 IIB & IIC	36,165,841	34,844,828	(1,321,013)
PY 99 IIA & III F	<u>50,944,696</u>	<u>52,265,709</u>	<u>1,321,013</u>
Total	<u>\$303,058,180</u>	<u>\$303,058,180</u>	<u>\$ 0</u>

Accordingly, the amounts reported on the closeout package are considered to be reasonable based on amounts previously reported on final FSRs.

**4. Determine if amounts reported on final cost reports or on the closeout package were supported by the State's accounting records.**

We compared the JTPA reported expenditures to expenditures recorded in the State's accounting records, and found that the amounts reported reconciled to the State's official records.

**5. Select a sample of nine final closeout reports submitted by subrecipients to the State, and determine if the subrecipients' final JTPA expenditures were accurately recorded in the State's accounting records.**

We obtained closeout reports submitted to the State by nine subrecipients, and compared the final expenditures reflected on the closeout reports to expenditures recorded in the State's accounting records. The final subrecipient expenditures were accurately recorded in the State's accounting records.

**6. Inspect the State's single audit reports submitted for the two most recent fiscal years available, and identify the JTPA expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA). Determine if these funds were tested as a major program, in accordance with single audit requirements.**

We obtained the State's single audit reports for SFY 1998 and SFY 1999, and identified the total JTPA expenditures reported on the Schedule of Expenditures of Federal Awards, \$100.3 and \$106.9 million, respectively. The JTPA program cluster was listed as a major program, and tested as such, for both fiscal years.



7. **Determine if the single audit reports identified reportable conditions, material weaknesses, report qualifications, or any other audit issues pertaining to JTPA grants that remain unresolved.**

The State's single audit report for SFY 1999 included three findings that were subsequently resolved. The findings pertained to (1) cash management, (2) subrecipient monitoring, and (3) property management.

8. **Obtain the final cost reports submitted by two subrecipients and determine if the amounts reported were supported by the subrecipients' accounting records.**

We visited two subrecipients, the Private Industry Collaborative and the Workforce Services Unlimited, Inc. For each, we compared the final JTPA expenditures reported to the State, to expenditures recorded in the subrecipient's accounting system, and found that the amounts reconciled.

9. **Obtain the single audit reports for the two subrecipients and identify the JTPA expenditures reported on the Schedule of Expenditures of Federal Awards. Determine if the amounts agreed or were reconciled by the single auditors to the expenditures recorded in the accounting records.**

We obtained the FY 2000 single audit reports (most recent available) for the two subrecipients selected and identified the JTPA expenditures reported on the SEFA. We compared JTPA expenditures reported on the SEFA to those recorded in the subrecipients' accounting records, and found that the amounts reconciled.

10. **Inspect the single audit reports submitted for the subrecipients and determine if there were reportable conditions, material weaknesses, report qualifications, or any other audit issues pertaining to JTPA grants that remain unresolved.**

We obtained the single audit reports for the two subrecipients selected. The reports did not identify any unresolved reportable conditions, material weaknesses, report qualifications or other audit issues related to the JTPA program.

**EXHIBIT I**

**THE COMPLETE TEXT OF  
OHIO'S RESPONSE TO THE DRAFT  
AGREED-UPON PROCEDURES REPORT**

Following this title page is the complete text of Ohio's response to our agreed-upon procedures report, issued to them on February 13, 2003.

Bob Taft  
Governor



Tom Hayes  
Director

30 East Broad Street • Columbus, Ohio 43215-3414  
www.state.oh.us/odjfs

March 13, 2003

Mr. Robert R. Wallace  
Regional Inspector General for Audit  
U.S. Department of Labor - OIG  
61 Forsyth Street, S.W., Room 6T20  
Atlanta, Georgia 30303-3104

Dear Mr. Wallace:

Thank you for granting ODJFS an extension until March 14, 2003 to respond to the report. We have reviewed the report for the OIG and are in general agreement with the observations. We agree that the single audit reports did not identify any reportable conditions, material weaknesses, report qualifications or other unresolved issues related to the JTPA program.

I am pleased, the workforce areas which you selected to visit in order to gather information were found to be in compliance with the JTPA closeout process as well as reconciled with State final expenditures and federal Financial Status Reports.

I look forward to receiving your final report. If you have any questions or wish further information, please contact Bruce Madson, Deputy Director, Office of Workforce Development, 614/387-3342.

Sincerely,

Thomas J. Hayes, Director  
Ohio Department of Job and Family Services

TJH/sc/th

cc: Melissa DeLisio, Assistant Director/ODJFS  
Bruce Madson, Deputy Director/OWD  
Quentin Potter, Deputy Director/OFS  
File-Grants and Audits

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