

STATE OF SOUTH CAROLINA

**EVALUATION OF GRANT OBLIGATIONS
AND EXPENDITURES**

**WORKFORCE INVESTMENT ACT GRANTS
AND JOB TRAINING PARTNERSHIP ACT
TRANSITION FUNDS**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

JULY 1, 2000 THROUGH MARCH 31, 2002

This agreed-upon procedures report was prepared by Harper, Rains, Stokes and Knight, PA, under contract to the U.S. Department of Labor, Office of the Inspector General, and, by acceptance, it becomes a report of the Office of Inspector General.

Elizabeth P. Lewis

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

Report No: 04-03-005-03-390
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HARPER, RAINS, STOKES, & KNIGHT, P.A.

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ACRONYMS

CFR	Code of Federal Regulations
DOL	U.S. Department of Labor
ETA	Employment and Training Administration
FIFO	First-In-First-Out
FSR	Financial Status Report
FY	Fiscal Year
JTPA	Job Training Partnership Act
MFR	Monthly Financial Status Report
OGCM	Office of Grants and Contract Management
OIG	Office of the Inspector General
PY	Program Year
SCESC	South Carolina Employment Security Commission
WIA	Workforce Investment Act

HARPER, RAINS STOKES & KNIGHT

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have 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 for evaluating the State of South Carolina's obligation and expenditure activities for available Job Training Partnership Act (JTPA) balances and Workforce Investment Act (WIA) funds, which occurred during the period July 1, 2000 through December 31, 2001. In certain instances, we obtained obligation information subsequently reported by the State and Local Boards for the March 31, 2002 reporting period.

The South Carolina Employment Security Commission (SCESC) of the State of South Carolina is responsible for reporting grant obligations and expenditures to the Employment and Training Administration (ETA). ETA is responsible for recording grant obligations, reported expenditures and payments 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 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 amounts reported on by the State as obligations, expenditures and unobligated balances. 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.

Harper, Rains, Stokes & Knight, P.A.

July 17, 2002

SUMMARY OF RESULTS

We identified and summarized the WIA funds obligated and expended as of December 31, 2001, based on records available at both the State of South Carolina and selected Local Boards. In the State of South Carolina, we determined that the obligation information reported by the State as of December 31, 2001 included the actual obligations at the State level. However, the portion of obligations attributable to Local Boards reported on the FSRs included the amounts passed through to the Local Boards rather than the amounts which they had actually obligated. We found that the accounting records supported the amounts reported as obligations and expenditures on quarterly financial reports. There were procedures established for recording transactions on the accrual basis of accounting in accordance with Federal regulations, and the amounts of obligations and expenditures reported to the State by the Local Boards were substantiated by contracts and monthly reports submitted from subcontractors.

Expenditures reported at December 31, 2001, reflect that \$37.7 million of the \$84.9 million awarded had been expended by the State and Local Boards, leaving \$47.2 million or 55.6 percent unexpended. At this rate of spending, it would take 23 months to spend the remaining funds, during which time the State would receive additional WIA allocations.

The State and Local Boards employ First-In-First-Out (FIFO) methodology in tracking expenditures rather than matching the Fiscal Year (FY) or Program Year (PY) expenditures with the award applicable to the period. As a result, there is no means by which to assess a particular period's performance due to this dissociation of its expenditures with its funding. Because funding at the State and Local Board levels is "perishable", meaning that it must be spent within a requisite time period, there may be an impetus to spend the oldest funds first to ensure expenditure before expiration of the appropriation.

State of South Carolina's Response

The South Carolina Employment Security Commission provided a written response to our draft report, dated March 13, 2003, which is included in its entirety at Exhibit IV. The State agreed with the information presented in the report.

BACKGROUND, SCOPE AND METHODOLOGY

Background

WIA, enacted in 1998, was designed to reform prior Federal job training programs and create a new comprehensive workforce investment system. This intends to provide customer-focused services, assist Americans in accessing tools needed to manage their careers through information and services, and assist U.S. companies in finding skilled workers. The Act superseded JTPA and amended the Wagner-Peyser Act.

Initial grants for the WIA program were awarded by DOL, ETA, beginning in 2000. However, unexpended funds from the PY 1998 and PY 1999 JTPA State grants were authorized for transition into the WIA program. Generally, the states are required to pass through approximately 85 percent of the awards received from DOL to Local Boards (subrecipients). States have the original program year plus two additional program years to spend the grant funds. However, funds allocated by a State to a Local Board for any program year are available for expenditure only during that program year and the succeeding program year. Funds that are not expended by a Local Board in this two-year period must be returned to the State.

States are required to report WIA activities on quarterly Financial Status Reports (FSRs). Accrued expenditures and obligations are key items reported on the FSRs. Accrued expenditures are reported when a valid liability has been created through delivery of goods or services, regardless of when cash payment is made. For example, salaries earned by employees, but not yet paid, should be recorded as accrued expenditures. Obligations are reported when certain events occur which will require payment by the States or Local Boards in the same or a future period. Obligations are defined in the WIA regulation as follows:

. . . . the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require payment by the recipient or subrecipient during the same or a future period [20 CFR 660.300].

According to ETA, Office of Grants and Contract Management (OGCM), states have been instructed to report obligations for Statewide Activities and Rapid Response only for those amounts of funding for which a legal liability exists at the State level. Likewise, the State has been instructed to report obligations for Local Board activities (Local Administration, Youth, Adult and Dislocated Workers) only for those amounts of funding for which a legal obligation exists at the Local Board level. ETA did not clearly specify whether Local Board obligations or the State's pass-through awards should be included on these reports.

Scope and Methodology

Our agreed-upon procedures encompass WIA funds awarded to the State of South Carolina for PY 2000, FY 2001, PY 2001 and FY 2002, as well as PY 1998 and 1999 JTPA funds transitioned into the WIA program. Procedures were applied to grant activities reported by the State and three Local Boards (Lower Savannah Council of Government, Pee Dee Workforce Investment Board, and Midland Local Board) from July 1, 2000 through December 31, 2001.

In general, our procedures were designed to summarize the State of South Carolina's WIA financial activity (obligations and expenditures) through December 31 2001, to determine if the amounts reported to ETA agreed with the supporting accounting records, and to measure the extent to which the State and Local Boards have obligated and expended WIA funds. In some instances we obtained information subsequently reported by the State and Local Boards for the March 31, 2002 reporting period.

PROCEDURES AND FINDINGS

- 1. Interview the appropriate State personnel regarding how information is accumulated from the Local Boards and about the preparation of the FSR 269s. Using this information, verify exactly what obligations were reported on the December 31, 2001 WIA Quarterly Financial Status Reports. Determine if the amounts passed through to the Local Boards are reported as obligations on the FSRs. Based on the information obtained, determine if the State is reporting obligations as described at 20 CFR 660.300 to include subgrants awarded to subrecipients.**

As of December 31, 2001, the amounts reported as “obligations” by the State of South Carolina on the FSRs represent the amounts which they had allocated to the Local Boards for operation of the Adult, Youth and Dislocated Worker programs as well as amounts allocated for administrative expenses at the Local Board level. In addition, the actual obligation of funds maintained at the State level was included in the amounts reported as Total Federal Obligations. The Local Boards report to the State using FSRs that are comparable to the FSR (Form 269s) used by SCESC to report obligations to the DOL. The information reported on the Local Board’s FSR is reported monthly and is required to be submitted to the State by the 25th day of each month following the month being reported.

According to representatives of SCESC, the amounts passed through to the Local Boards are considered to be “obligated” at the time the funds are allocated among the Local Boards. Reporting of funds as “obligated” in this manner does not take into account whether the funding passed to the Local Boards has been obligated at the Local Board level for expenditures for which legal liabilities exist. We looked at written reporting instructions issued by ETA. The instructions do not clearly specify whether Local Board obligations or the State’s pass-through awards should be included on these reports.

Based on our review of supporting schedules and detail reports provided as support for the FSRs, we determined that obligations reported on the FSRs were inclusive of amounts awarded as subgrants to subrecipients.

2. **Determine how the State tracks the various funding periods for both State activities and Local Board activities, and if data is accounted for in a manner that will allow expenditures to be matched against the appropriate obligation.**

Based on discussions with representatives of SCESC as well as examination of financial records at the State and Local Board levels, we determined that SCESC does not match expenditures with the appropriate fiscal period's funding. Rather, expenditures of a given period are first matched against the earliest available funding. The expenditure information reported to the State by the Local Boards is segregated by funding period; however, the amounts of expenditures and obligations reported on the FSRs to ETA are segregated according to which period's funding is being utilized rather than which period the expenditures are incurred. As a result, there is no means by which to assess a particular period's performance due to the dissociation of its expenditures with its funding.

3. **Determine if the expenditure information (Outlays on the December 31, 2001 FSRs) was reported on the accrual basis of accounting as required at 29 CFR 97 and the WIA reporting instructions at 20 CFR 667.300 (c) (3).**

As discussed in greater detail at item 8 of this report, reporting between the Local Board level and the State level consists of a "Monthly Financial Status Report" (MFR) that is in the same general format as the Federal FSR. These monthly reports detail, among other things, the amounts of accrued expenditures incurred to date by the Local Boards. These amounts then roll up into the Federal FSR as "Outlays". We reviewed the reporting instructions provided by SCESC to the Local Boards and determined that the amounts identified as "accrued expenditures" are, by specific directive of the State to the Local Boards, to be inclusive of expenditures that have been incurred but for which payment has not been made by the Local Boards. This manner of reporting is consistent with the accrual basis of accounting as required by 29 CFR 97 and the reporting instructions at 20 CFR 667.300. We made specific inquiries of Local Board representatives regarding the inclusion of accruals in the amounts reported up to the States as expenditures. Each of the three Local Boards' representatives stated that amounts reported as expenditures up to the State were, in fact, inclusive of accruals as is required by 29 CFR 97 and 20 CFR 667.300.

4. **Determine what information is required to be reported by the Local Boards to the State, including the content, format, frequency and any written instructions issued by the State. Obtain copies of reports submitted by the Local Boards and copies of written instructions.**

Our review of the Internal Financial Reporting Procedures guidelines established by SCESC and distributed to the Local Boards and discussions with representatives of SCESC, indicated that the Local Boards are required to report specific financial data to the State on a monthly basis. This reporting is in the form of a MFR submitted for each month of the fund availability period. We reviewed copies of the MFRs for the quarter ending December 31, 2001. The information in the reports we examined included the total Federal funds available, the accrued expenditures (in accordance with 29 CFR 97 and 20 CFR 667.300), the funds obligated, and, where applicable, any program income or stand-in cost.

5. **Obtain or prepare from documents supporting the FSR 269s, a summary of the MFRs from the Local Boards and analyze this information to select the Local Boards to visit.**

We obtained a report entitled "South Carolina WIA Local Area Expenditures" which detailed, by funding stream, the total amounts of Allocations and Expenditures. This report also expressed the amounts of Obligations and Expenditures as a percentage of the total funding allocated. Utilizing this report, we made a judgmental selection of three Local Board offices in which to conduct field work. The Local Boards selected for site visits were the Lower Savannah Council of Government, the Pee Dee Workforce Investment Board and the Midlands Local Board offices.

6. **Compare the information compiled at ETA to the reports prepared by the States and explain any differences determined.**

We examined the FSR 269s reported by SCESC to the DOL, and compared it to the corresponding data compiled at ETA. In all instances, the information per the 269s agreed to the information compiled at ETA. Key elements of the 269 data were extracted from the reports, including Total Federal Funds Authorized, Obligations, Outlays (accrued expenditures), and the Unobligated Balance of Federal Funds for each funding stream, for each PY and FY. This extracted data was then used to perform the analytical procedures as described at item 7 of this report.

7. **Perform an analytical review of the information obtained to develop trend information and investigate any unusual relationships noted.**

Total Federal Funds Authorized

The table below shows the total WIA funds awarded by the DOL to the State of South Carolina since inception of the WIA program:

Funding Period	Beginning of Spending Period	Expiration of Spending Period	Total WIA Funds Awarded
PY 1998	JTPA transition	June 30, 2001	\$ 1,423,152
PY 1999	JTPA transition	June 30, 2002	\$ 11,302,703
PY 2000	July 1, 2000	June 30, 2003	\$ 18,242,680
FY 2001	October 1, 2000	June 30, 2003	\$ 15,239,434
PY 2001	July 1, 2001	June 30, 2004	\$ 22,095,747
FY 2002	October 1, 2001	June 30, 2004	\$ 17,474,399
Less:	Rescission of PY 2001 funds		(\$ 888,239)
	Total Awards		\$ 84,889,876

WIA funds are awarded on a PY basis from July 1 to June 30, except for Youth grants which are available in the April preceding the start of the PY. However, a portion of PY 2000 and 2001 funding, denoted as “FY” above, was not available until October 1 of each respective PY.

7. (Continued)

WIA Funds Obligated

The data presented below reflect the total WIA funds reported to ETA as obligated by the State as of the quarter ended December 31, 2001.

Funding Period	Total Funds Awarded (in millions)	Total WIA Funds Obligated (in millions)	Amount Unobligated (in millions)	Percent of Funding Unobligated
PY 1998	\$ 1.4	\$ 1.4	\$ 0.0	0.0 %
PY 1999	\$ 11.3	\$ 10.5	\$ 0.8	7.1 %
PY 2000	\$ 18.3	\$ 18.0	\$ 0.3	1.6 %
FY 2001	\$ 15.2	\$ 13.5	\$ 1.7	11.2 %
PY 2001	\$ 22.1	\$ 20.0	\$ 2.1	9.5 %
FY 2002	\$ 17.5	\$ 13.4	\$ 4.1	23.4 %
Less: PY 2001 Rescission	(\$ 0.9)	N/A	(\$ 0.9)	N/A
Total	\$ 84.9	\$ 76.8	\$ 8.1	9.5 %

As discussed further at item 1 of this report, in addition to obligations made at the State level, South Carolina reports funds to be “obligated” upon their allocation of the funds to the Local Boards. Of the total \$84.9 million of funding available, \$8.1 million (9.5 percent) remained unobligated as of December 31, 2001.

Note: Information in the above table was obtained from the quarterly Financial Status Reports prepared by SCESC and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above. In some instances, the individual amounts in the above columns do not sum to the amount presented as the total due to rounding differences.

7. (Continued)

WIA Funds Obligated – Continued

As discussed further in item 1, the obligation information reported by the State as of December 31, 2001, included the actual obligations at the State level. However, the portion of obligations attributable to Local Boards reported on the FSRs included the amounts passed through to the Local Boards rather than the amounts which they had actually obligated. In response to a request by DOL-OIG, we obtained information about the amounts qualifying under the OGCM definition of obligations which includes only those amounts for which a legal liability exists. This information was obtained for the quarter ended March 31, 2002 and is summarized below.

Funding Period	Total Funds Awarded (in millions)	Total WIA Funds Obligated (in millions)	Amount Unobligated (in millions)	Percent of Funding Unobligated
PY 1998	\$ 1.4	\$ 1.4	\$ 0.0	0.0 %
PY 1999	\$ 11.3	\$ 11.3	\$ 0.0	0.0 %
PY 2000	\$ 18.3	\$ 18.0	\$ 0.3	1.6 %
FY 2001	\$ 15.2	\$ 14.7	\$ 0.5	3.3 %
PY 2001	\$ 22.1	\$ 19.0	\$ 3.1	14.0 %
FY 2002	\$ 17.5	\$ 12.0	\$ 5.5	31.4 %
Less: PY 2001 Rescission	(\$ 0.9)	N/A	(\$ 0.9)	N/A
Total	\$ 84.9	\$ 76.4	\$ 8.5	10.0 %

Per the additional information provided by the State of South Carolina, of the total \$84.9 million of funding available, \$8.5 million (10.0 percent) remained unobligated as of March 31, 2002. The remaining \$76.4 million (90.0 percent) was represented by the State to have actually been obligated at the State and Local Board levels, representing a difference of \$.4 million from what was reported by SCESC as obligations as of December 31, 2001.

Note: Information in the above table was obtained from the quarterly Financial Status Reports prepared by SCESC and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above. In some instances, the individual amounts in the above columns do not sum to the amount presented as the total due to rounding differences.

7. (Continued)

Total Federal Outlays (Accrued Expenditures)

The following summary reflects the total WIA expenditures reported by the State of South Carolina through December 31, 2001. These amounts are recorded in DOL's general ledger.

Funding Period	Total Funds Awarded (in millions)	Total Expenditures (in millions)	Amount Unexpended (in millions)	% of Funding Unexpended
PY 1998	\$ 1.4	\$ 1.4	\$ 0.0	0.00%
PY 1999	\$ 11.3	\$ 9.1	\$ 2.3	20.4%
PY 2000	\$ 18.3	\$ 15.0	\$ 3.2	17.5%
FY 2001	\$ 15.2	\$ 9.0	\$ 6.2	40.8%
PY 2001	\$ 22.1	\$ 3.1	\$ 19.0	86.0%
FY 2002	\$ 17.5	\$ 0.1	\$ 17.4	99.4%
Less: PY 2001 Rescission	(\$ 0.9)	N/A	(\$ 0.9)	N/A
Total	\$ 84.9	\$ 37.7	\$ 47.2	55.6%

Of the \$84.9 million WIA funds awarded to the State of South Carolina, the State spent \$37.7 million (44.4 percent) of the total funds awarded, leaving a significant portion of their funding, \$47.2 million (55.6 percent) unexpended as of December 31, 2001. The PY 2001 and FY 2002 funding years reflect that a significant percentage of the funds remained unexpended as of December 31, 2001, despite several months having passed since the funds were awarded.

Note: Information in the above table was obtained from the quarterly Financial Status Reports prepared by SCESC and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above. In some instances, the individual amounts in the above columns do not sum to the amount presented as the total due to rounding differences.

7. (Continued)

Expenditure Analysis by Funding Stream

The following provides a summary of the unexpended funding by program component:

Program Component	Amount Awarded (in millions)	Amount Unexpended (in millions)	Percent of Funding Unexpended
<u>Local Board Activities:</u>			
Adults	\$ 21.6	\$ 11.2	51.9%
Dislocated Worker	\$ 13.3	\$ 6.2	46.6%
Local Admin	\$ 6.4	\$ 3.7	57.8%
Youth	\$ 23.1	\$ 11.7	50.6%
Total Local Board Activities	\$ 64.4	\$ 32.8	50.2%
<u>State Activities:</u>			
State-wide Activities	\$ 15.9	\$ 11.7	73.6%
State-wide Rapid Response	\$ 5.4	\$ 3.6	66.7%
Total State Activities	\$ 21.3	\$ 15.3	74.6%
Less: PY 2001 Rescission	(\$.9)	(\$.9)	N/A
Total Funding	\$ 84.9	\$ 47.2	55.6%

The expenditure data submitted by the State through December 31, 2001, indicates the majority of WIA funds at both the State and Local Board levels were not spent as of that date (74.6 percent and 50.2 percent, respectively).

Note: Information in the above table was obtained from the quarterly Financial Status Reports prepared by SCESC and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above. In some instances, the individual amounts in the above columns do not sum to the amount presented as the total due to rounding differences.

8. **Interview the appropriate Local Board personnel regarding how information is accumulated and about the preparation of the Local Board reports to the State. Inquire as to the source of obligation, cost and/or payment information reported to the State by the Local Board, and determine if the information reported agrees with the corresponding source accounting records.**

Through discussions with Local Board personnel along with their completion of a questionnaire drafted by us, we determined that obligation and expenditure information, as well as the funding availability by period are reported by the Local Boards to the State using MFRs. We obtained copies of these reports at the State level as well as the Local Board level during our visits to sites. The information on the MFRs shows the Federal fund allocation for each PY and FY in addition to the expenditures, refunds and rebates, the amounts of the awards designated as “obligated” by the Local Boards, in addition to any resulting amount of program income or stand-in cost. In tandem with the MFRs, we reviewed the source accounting records at the three Local Boards that we visited in order to determine if they agreed to the information reported to the State. In all instances, the Local Boards provided us with documentation supporting the amounts reported as obligations and expenditures.

9. **Determine how the Local Board tracks the various funding periods and if data is reported and accounted for in a manner which will allow expenditures to be matched against the appropriate obligation or subcontract agreement.**

The Local Boards employ FIFO methodology in associating period expenditures with funding sources. This methodology does not allow for matching of a particular period’s expenditures and obligations with the funding allotted to that period. As such, expenditures and obligations reported by the Local Board are not matched with the funding applicable to the period in which they are incurred, rather they are first matched against prior period remaining funds until these funds have been exhausted and then matched against subsequent periods’ funding.

For instance, any amount of PY 2000 funding that remained after PY 2000 had lapsed would be used to satisfy a subsequent period’s expenditures until all of PY 2000 funding was exhausted. Subsequently, FY 2001 funding would have been utilized to satisfy the period’s expenditures. Matching a period’s expenditures against prior period funding in this manner dissociates the funding allotted to a specific period from the performance objectives of that period.

10. Determine how the Local Board defines an obligation and the point at which funds are considered to be obligated. Determine if the Local Board definition includes only anticipated expenditures to meet bona fide needs of the funding program year and for which a legal liability exists.

Of the three Local Boards visited, the consensus among the Local Board representatives was that the “obligation” of funds coincides with the decision by the Local area board members to award funding to a particular entity/ subcontractor to perform services under WIA. The awarding of funding takes place in anticipation of making payments to subcontractors in order to meet bona fide needs of the WIA program. The awarding of funding also results in the signing of a contract between the Local Board and a subcontractor, which represents a legal liability. This definition, thus, includes only anticipated expenditures to meet bona fide needs for which a legal liability exists. However, as mentioned at item number 9 of this report, there is no matching of the funding year and program year due to the State and Local Boards’ use of FIFO methodology.

**FINANCIAL STATUS REPORT
LOCAL YOUTH PROGRAM ACTIVITIES**

Following this title page is the WIA financial status report used to record local youth program activities

Workforce Investment Act
Local Youth Program Activities

U.S. Department of Labor
Employment and Training Administration



Financial Status Report		OMB Approval No. 1205-0408	Page of
1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	Expires: 02/29/04	pages

3. Recipient (Name and complete address, including ZIP code)

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
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8. Funding Year	9. Period Covered by the Report From: (Month, Day, Year) To: (Month, Day, Year)
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10. Transactions:	Cumulative
a. Total Federal outlays	
b. Refunds, rebates, etc.	
c. Outlays for Out-of-School Youth	
d. Outlays for In-School Youth	
e. Outlays for summer employment opportunities	
f. Net Federal outlays (Line a minus b)	
g. Recipient outlays for allowable program activities	
h. Net Federal outlays	
i. Federal share of unliquidated obligations	
j. Total Federal obligations (Line h plus i)	
k. Total Federal funds authorized for this funding period	
l. Unobligated balance of Federal funds (line k minus j)	
Program income consisting of:	
m. Disbursed program income using the addition method	
n. Undisbursed program income	
o. Total program income realized (Line m plus n)	

11. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

Typed or Printed Name and Title	Telephone (Area code, number and extension)
Signature of Authorized Certifying Official	Date Report Submitted

Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Respondents obligation to reply to these reporting requirements are Mandatory (WIA; 20 CFR 652 et al). Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestion for reducing this burden to the U.S. Department of Labor, Office of Welfare-to-Work, Room N-4716, Washington, D.C. 20210 (Paperwork Reduction Project (1205-0408)).

ETA 9076-D (May 2000)

**FINANCIAL STATUS REPORT
LOCAL ADULT PROGRAM ACTIVITIES**

Following this title page is the WIA financial status report used to record local adult program activities.

**Workforce Investment Act
Local Adult Program Activities**

**U.S. Department of Labor
Employment and Training Administration**



Financial Status Report		OMB Approval No. 1205-0408	Page of
1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	Expires: 02/29/04	pages

3. Recipient (Name and complete address, including ZIP code)

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
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8. Funding Year	9. Period Covered by the Report From: (Month, Day, Year)	To: (Month, Day, Year)
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10. Transactions:	Cumulative
a. Total Federal outlays	
b. Refunds, rebates, etc.	
c. Net Federal outlays (Line a minus b)	
d. Recipient outlays for allowable program activities	
e. Net Federal outlays	
f. Federal unliquidated obligations	
g. Total Federal obligations (Line e plus f)	
h. Total Federal funds authorized for this funding period	
i. Transfers from dislocated worker program activities	
j. Transfers to dislocated worker program activities	
k. Adjusted total federal funds available	
l. Unobligated balance of Federal funds (line k minus g)	
Program income consisting of:	
m. Disbursed program income using the addition method	
n. Undisbursed program income	
o. Total program income realized (Line m plus n)	

11. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

Typed or Printed Name and Title	Telephone (Area code, number and extension)
Signature of Authorized Certifying Official	Date Report Submitted

Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Respondents obligation to reply to these reporting requirements are Mandatory (WIA; 20 CFR 652 et al). Public reporting burden for this collection of information is estimates to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestion for reducing this burden to the U.S. Department of Labor, Office of Welfare-to-Work, Room N-4716, Washington, D.C. 20210 (Paperwork Reduction Project (1205-0408)).

EXHIBIT III

**FINANCIAL STATUS REPORT
LOCAL DISLOCATED WORKER PROGRAM ACTIVITIES**

Following this title page is the WIA financial status report used to record local dislocated worker program activities.

**Workforce Investment Act
Local Dislocated Worker Program
Activities**

U.S. Department of Labor
Employment and Training Administration



Financial Status Report		OMB Approval No. 1205-0408	Page <input type="text"/> of <input type="text"/>
1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	Expires: 02/28/04	
pages <input type="text"/>			

3. Recipient (Name and complete address, including ZIP code)

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
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8. Funding Year	9. Period Covered by the Report From: (Month, Day, Year)	To: (Month, Day, Year)
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10. Transactions:	Cumulative
a. Total Federal outlays	
b. Refunds, rebates, etc.	
c. Net Federal outlays (Line a minus b)	
d. Recipient outlays for allowable program activities	
e. Net Federal outlays	
f. Federal share of unliquidated obligations	
g. Total Federal obligations (Line e plus f)	
h. Total Federal funds authorized for this funding period	
i. Transfers from adult program activities	
j. Transfers to adult program activities	
k. Adjusted total federal funds available	
l. Unobligated balance of Federal funds (line k minus g)	
Program income consisting of:	
m. Disbursed program income using the addition method	
n. Undisbursed program income	
o. Total program income realized (Line m plus n)	

11. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

Typed or Printed Name and Title	Telephone (Area code, number and extension)
Signature of Authorized Certifying Official	Date Report Submitted

Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Respondents obligation to reply to these reporting requirements are Mandatory (WIA; 20 CFR 652 et al). Public reporting burden for this collection of information is estimates to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestion for reducing this burden to the U.S. Department of Labor, Office of Welfare-to-Work, Room N-4716, Washington, D.C. 20210 (Paperwork Reduction Project (1205-0408)).

ETA 9076-F (May 2000)

EXHIBIT IV

**THE COMPLETE TEXT OF
SOUTH CAROLINA'S REPOSE TO THE DRAFT
AGREED-UPON PROCEDURES REPORT**

Following this title page is the complete text of South Carolina's response to our agreed-upon procedures report, issued to them on February 10, 2003.



www.sces.org

COMMISSIONERS
J. William McLeod
McKinley Washington, Jr.
Carole C. Wells

1550 Gadsden Street
Post Office Box 995
Columbia, South Carolina 29202

March 13, 2003

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

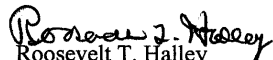
Re: Draft Report#: 04-03-005-03-390

Dear Mr. Wallace:

We have reviewed the above referenced draft report prepared by the firm of Harper, Rains, Stokes and Knight, PA, on applying agreed upon procedures and have verified all figures and concur with the draft document.

If there are any questions, or if additional information is needed, please contact Billy R. Martin, Assistant Finance Director, at (803) 737-2560.

Sincerely,


Roosevelt T. Halley
Executive Director

RTH:sc

REF: AS-4

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The mission of the Department of Finance is to have professional accountants providing professional accounting through the sound fiscal management of the Agency's resources.