

# **Office of Inspector General**

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**U.S. Department of Labor  
Office of Audit**

## **Audit of the Montana Department of Labor and Industry's Year 2000 Grant Expenditures**

Report Number: 04-01-010-03-315  
Date Issued: September 17, 2001

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## **ACRONYMS**

BeAR	-	Benefit Automated Re-Write System
DOL	-	U.S. Department of Labor
ES	-	Employment Service
ETA	-	Employment and Training Administration
FY	-	Fiscal Year
IV & V	-	Independent Verification and Validation
MDOLI	-	Montana Department of Labor and Industry
OIG	-	Office of Inspector General
SBR	-	Supplemental Budget Request
SESA	-	State Employment Security Agency
UI	-	Unemployment Insurance
Y2K	-	Year 2000

## **EXECUTIVE SUMMARY**

During Fiscal Years (FYs) 1998 and 1999, Congress appropriated funds to help State Employment Security Agencies (SESAs) make their automated Unemployment Insurance (UI) and Employment Service (ES) systems Year 2000 (Y2K) compliant. The U.S. Department of Labor (DOL), Employment and Training Administration (ETA), awarded the Montana Department of Labor and Industry (MDOLI) grants totaling \$6,309,069 from funds available for Y2K readiness.

The Office of Inspector General (OIG) examined Y2K expenditures of \$6,066,126 made by MDOLI, from the grants' inception through December 31, 2000. Our audit objective was to determine whether Y2K funds were spent for intended purposes, in conformity with the grant agreements and applicable Federal requirements.

We have questioned Y2K grant expenditures totaling \$132,743.<sup>1</sup> Questioned costs further discussed in this report include:

- \$114,300 provided specifically for contingency planning and independent verification and validation (IV & V) of UI automated systems that were spent for other purposes:
- \$15,460 of duplicate charges involving a Y2K-related contractual services; and
- \$2,983 charged to Y2K grants for a new telephone system that were in excess of the actual cost.

Montana did not agree with our finding that it had misspent \$114,300 of IV & V funds. Rather, Montana believes it had the authority to use funds designated for IV & V activities for other Y2K-related purposes. While, Montana agreed that the remaining questioned costs of \$18,443 were improper; they asked that they not be required to return the funds.

We do not believe that IV & V funds should have been used for other purposes and recommend the Assistant Secretary for Employment and Training recover \$132,743 of misspent grant funds.

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<sup>1</sup>In response to our draft report, MDOLI provided additional documentation that adequately supported \$5,558 of expenditures the Montana Department of Revenue made from Y2K funds provided by MDOLI. Consequently, we have reduced the costs we have questioned to \$132,743.

## INTRODUCTION AND PRINCIPAL CRITERIA

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### ORIGIN AND PURPOSE OF Y2K FUNDS

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\$205 million. The funds were to help ensure SESAs' mission-critical automated UI and ES systems were Y2K compliant.

In FY 1998, concerns with the approach of Y2K and the potential for problems with automated systems prompted Congress to provide SESAs with grants that totaled

ETA distributed base funding of \$1 million to each of the 53 SESAs. In addition to base funding of \$53 million, ETA awarded \$9,540,000 (\$180,000 to each SESA) to develop business continuity and contingency plans, in the event of Y2K-related shutdowns of critical UI and ES systems, or for IV & V of Y2K compliance measures. During FY 1998, each SESA was also afforded the opportunity to request additional funds for Y2K needs, through Supplemental Budget Requests (SBRs). The SBRs detailed specific Y2K-related needs for which the funds were requested. The SBRs were evaluated by a panel consisting of ETA staff, and the funds were awarded based upon what the panel judged were "reasonable and allowable" costs.

In Fiscal Year 1999, ETA reprogrammed an additional \$50 million of UI contingency funds to address the SESAs' Y2K needs. The funds were again awarded the SESAs through the SBR process. ETA required the SESAs to demonstrate a "compelling need" for the funds to be considered for the FY 1999 awards.

MDOLI received a total of \$6,309,069 in Y2K grant funds from ETA. In FY 1998, ETA distributed Y2K base and IV & V funds of \$1,180,000 to MDOLI. In FY 1998, MDOLI received an additional Y2K grant of \$1,489,813, through the SBR mechanism. During FY 1999, ETA awarded an additional total of \$3,639,256 in Y2K and UI information technology infrastructure funding MDOLI had requested in two SBRs.

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### PRINCIPAL CRITERIA

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ETA Field Memorandum 50-97, dated August 4, 1997, provided the following guidance for the use of FY 1998 Y2K funds:

*The Y2K Compliance projects for which funds are received must focus on activities relating to Year 2000 conversion efforts, the replacement or upgrading of systems, systems interfaces, and/or software products necessary to ensure Y2K compliance, or replacing or upgrading computer hardware that is not Y2K*

*compliant and that will adversely impact system or program performance if not replaced or upgraded.*

Guidance on the use of FY 1999 Y2K supplemental funding was included in ETA Field Memorandum 3-99, dated October 13, 1998:

*The Y2K funds received must be used only for activities relating to Y2K compliance efforts, including replacement or upgrading of systems, systems interfaces, and/or software products which will adversely impact system or program performance if not replaced or upgraded. . . .*

*FY 1999 Y2K funds are intended to meet those identified immediate requirements of those SESAs which, in the absence of these additional funds, are unlikely to achieve Y2K compliance of their employment security automated systems. Thus, compelling need is the primary criterion which will be used in evaluating SBRs. Additionally, the SESA must demonstrate that the funds will materially assist the SESA in achieving its Y2K compliance goals.*

The “Executive Summary” of ETA’s “FY 1999 SBR Review Panel Report” provided:

*These same conditions apply to the \$180,000 allocated in FY 98 for IV & V reviews and Y2K contingency planning. If SESAs do not intend to meet the federal requirements associated with these activities, then the funding needs to be returned.*

Also, the “Executive Summary” of ETA’s “Year 2000 SBR Review Panel’s Briefing Package” stated that SESAs should prioritize their spending to best meet their own critical needs, and that ETA Regional Offices should:

*. . . strongly encourage the SESAs to initially concentrate their efforts and resources on making UI Benefits systems compliant, as they are mission critical and will be the first to fail. Before funds are spent on PC upgrades and replacements, mission critical systems need to be converted and tested for compliance.*

## **OBJECTIVE, SCOPE AND METHODOLOGY**

The primary objective of this audit was to determine whether funds designated for Y2K compliance were spent for intended purposes, in compliance with grant provisions and other applicable Federal criteria.

We examined Y2K grant funds received by the MDOLI during the period October 1, 1997 through December 31, 2000. We reviewed the SBRs and quarterly financial status reports, interviewed State officials and reviewed financial records and other documentation related to Y2K conversion expenditures.

MDOLI received a total of \$6,309,069 from ETA for Y2K compliance activities. As of December 31, 2000, MDOLI reported having spent \$6,066,126 of the funds awarded, which we examined. MDOLI had a remaining balance of \$242,943 at December 31, 2000. Because MDOLI was still working to complete its Y2K compliant system, expenditures may still be charged against the remaining balance.

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and included such tests as we considered necessary to satisfy the objective of our audit. We did not evaluate MDOLI's general control environment over non-Y2K funds.

Our audit was conducted for the purpose of determining if ETA's requirements for the use of Y2K funds had been followed. Y2K grant expenditures reported by MDOLI were the source of transactions selected for compliance testing. However, we do not express an opinion on the completeness or accuracy of Y2K grant expenditures reported to ETA. Our fieldwork began in January 2001 and continued through March 2001.

Our findings, conclusions and recommendations were discussed with MDOLI and its response was considered in preparing this report. As discussed in the following section of this report, we have questioned \$132,743 of Y2K grant expenditures that we do not believe were spent in compliance with the Y2K grant agreements or other applicable Federal criteria.

## **RESULTS OF AUDIT**

Although MDOLI avoided interruption of ES and UI services, it did not always adhere to ETA's requirements governing the use of Y2K funds. We identified grant expenditures, totaling \$132,743, that were not in accordance with Y2K grant requirements. Specifically:

- \$114,300 of IV & V funds spent on other activities;
- \$15,460 in duplicate charges; and
- \$2,983 of overcharges related to the purchase of a telephone system.

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**GRANT FUNDS OF \$114,300 PROVIDED  
FOR Y2K VALIDATION ACTIVITIES  
WERE SPENT FOR OTHER PURPOSES**

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MDOLI improperly spent \$114,300 of Y2K grant funds provided to ensure the integrity of mission-critical UI automated systems. The improper expenditures represent nearly two-thirds of the \$180,000 in IV & V funding ETA provided Montana.

In March of 2000, MDOLI used \$114,300 of the IV & V funding to pay its primary Y2K contractor for a portion of "retainage" earned under a contract involving work on MDOLI's new UI benefits system. The work was not related to IV & V activities.

MDOLI agreed that only \$65,700 of the \$180,000 IV & V funding was spent on legitimate IV & V and contingency plan activities. However, the Agency believes the latitude ETA provided on other Y2K funding received through the SBR mechanism also applied to the IV & V funding.

Information provided us in support of MDOLI's position does indicate ETA intended to allow flexibility in the redistribution of Y2K funds. However, the latitude provided MDOLI involved funds received through the FY 1999 SBRs, not IV & V funds. ETA did agree that MDOLI could redistribute funding originally awarded for purposes identified in MDOLI's FY 1999 SBR solicitations. We believe the IV & V funding was intended for the specific purposes of contingency planning and validation reviews. We disagree with MDOLI's argument that the funding flexibility ETA afforded in the SBRs encompassed IV & V funds.



During FY 1999, Congress approved a DOL request to reprogram \$45 million from FY 1998 UI contingency funding to Y2K activities. The additional funds were to be used for three Y2K activities: (1) IV & V, (2) contingency planning, and (3) general Y2K renovation efforts. ETA provided each SESA \$180,000 specifically for IV & V and contingency planning. The balance was distributed to the SESA based upon FY 1998 SBR determinations.

Unemployment Insurance Program Letter (UIPL) 38 -98 provided SESAs' guidance on conducting IV & V reviews:

*The SESA's IV & V process must include reviewing the results of point-to-point testing, i.e., test all systems which interface with the UI system, a full clock advance test, and tests to check that the automated system will accurately process dates. . . .*

*The IV&V review consists of the following major parts: (a) examination of the SESA's remediation effort . . . and (b) review of the year 2000 test plans, testing procedures and test results, including . . . date validations. . . .*

Montana's primary Y2K solution was the complete replacement of their UI benefits system. The old system, the Benefit Automated Re-Write System or "BeAR," came on line in 1985 and was not Y2K compliant. Although MDOLI expected the new UI benefits system to be on line January 1, 2000, a series of delays forced the agency to rely on the BeAR system for paying UI benefits into 2000. MDOLI's contingency plan called for retrofitting and "forward date testing" the BeAR beyond January 1, 2000. Although ETA provided \$180,000 specifically for IV & V activities, MDOLI only spent \$65,700 on the BeAR activities discussed.

The "Executive Summary" of ETA's "FY 1999 SBR Review Panel Report" provides in part:

*If funding has been applied to replacement systems supporting new programs or new program initiatives, or to new systems or networks providing greatly expanded functionality, then a portion of these costs may be deemed unallowable. Agencies may be required to return the unallowed portion of the Y2K funding to the Federal Government. These same conditions apply to the \$180,000 allocated in FY 1998 for IV & V reviews and Y2K contingency planning. If SESAs do not intend to meet the federal requirements associated with these activities, then the funding needs to be returned.*

MDOLI's use of \$114,300 of its IV & V funding for the new UI benefits system was not related to the intended purpose of the funds.

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**DUPLICATE CHARGES OF \$15,460  
WERE MADE TO Y2K GRANT FUNDS**

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We identified a duplicate charge of \$15,460 that was made against Y2K grant funds involving a contractor's work on Y2K conversion activities.

On December 9, 1998, MDOLI received a \$34,503 invoice, dated November 30, 1998, from its primary Y2K contractor. The invoice was for consulting services. On December 10, 1998, the cost of the invoice was split. MDOLI's FY 1997 UI automation grant was charged \$21,367 and the Y2K base grant was charged \$13,136.

The \$21,367 charge to the automation grant caused grant expenditures to exceed authorized amounts by \$15,460. On December 22, 1998, the FY 1997 UI automation grant's expenditures were reduced by \$15,460 and a like amount was charged to the Y2K base grant.

On March 3, 1999, an accounting entry was made transferring \$29,853 of UI automation expenditures to the IV & V grant. However, \$21,367 of the \$29,853 that was transferred related to the primary Y2K contractor's invoice.

The net effect of the transactions was an overcharge of \$15,460 to the Y2K grant. The duplicate charges resulted from expenditures of \$15,460 made to the Y2K base grant, on December 22, 1998, that were also included in expenditures of \$29,853 transferred to the IV & V grant, on March 3, 1999.

Public Law 105-78 provided that the Y2K funds could be used:

*. . . solely for the purpose of assisting States to convert their automated State employment security agency systems to be year 2000 compliant. . . .*

ETA Field Memorandum No. 50-97 provided that Y2K funds are to be used for:

*. . . activities relating to Year 2000 conversion efforts, the replacement or upgrading of systems, systems interfaces, and/or software products necessary to ensure Y2K compliance, or replacing or upgrading computer hardware that is not Y2K compliant and that will adversely impact system or program performance if not replaced or upgraded.*

MDOLI officials agreed that the \$15,460 charge was duplicated. They indicated the error would be corrected and a request would be made to apply the funds "towards a legitimate Y2K expense which was not covered by the Y2K funding as the grant did not cover all expenses."

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**THE Y2K GRANT WAS OVERCHARGED \$2,983  
FOR A LOCAL OFFICE TELEPHONE SYSTEM**

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MDOLI overcharged Y2K grants \$2,983 for costs that relate to the purchase and installation of a telephone system for a Job Service local office.

On July 13, 1999, MDOLI charged the Y2K grant \$15,356 for the purchase and installation of a telephone system in the Sidney, Montana, Job Service office. The actual cost was \$12,373, resulting in an unsupported difference of \$2,983.

Public Law 105-78 provided that the Y2K funds could be used:

*. . . solely for the purpose of assisting States to convert their automated State employment security agency systems to be year 2000 compliant. . . .*

MDOLI officials explained that the Department had accrued \$15,356 for the local office phone system at the end of the State's FY 1999. When the bill for \$12,373 was received and paid in FY 2000, the remaining \$2,983 was inadvertently miscoded to the wrong account.

## **CONCLUSION**

ETA provided significant funds to help the MDOLI meet its Y2K requirements. Along with the funding came specific requirements governing the use of these funds. Funds that were not spent in accordance with the requirements should be recovered.

## **RECOMMENDATION**

As detailed in the above findings, we recommend the Assistant Secretary for Employment and Training recover a total of \$132,743 in Y2K funds improperly charged to the Y2K grants.

## **MONTANA'S COMMENTS ON THE DRAFT AUDIT REPORT**

MDOLI disagreed with our finding that it was inappropriate to use IV & V funds of \$114,300 for other Y2K related purposes. The response indicates:

*Montana does not concur with the audit finding on the usage of the Independent Verification and Validation funds. We had permission to use all Y2K funds for the*

*MISTICS system, both verbally and in writing from the USDOL Regional VIII office in Denver. As you stated in the exit conference, this finding is in a gray area and we believe the expenditure of the grant funds of \$114,300 should be approved. Montana has provided support documentation that allows flexibility in redistributing the funds.*

MDOLI agreed with the finding that there were duplicate charges of \$15,460 to the Y2K Grants. However, they requested the error be used to offset other Y2K expenses. According to the response:

*We concur with the finding that there was an accounting error that resulted in duplicate charges of \$15,459.65 for contracted services. Since legitimate Y2K expenses exceeded the grant amounts, we request the ability to apply the questioned costs to pay for valid Y2K expenditures that were paid for out of the base funding grant.*

Montana also agreed that the Y2K grant was overcharged \$2,983 related to contractual services and a local office telephone system, however, argued against return of the funds. The response provides:

*Because of a coding error, we concur with the finding. Since legitimate Y2K expenses exceeded the grant amounts, we request the ability to apply the \$2,983.47 in questioned costs to pay for valid Y2K expenditures that were paid for out of the base funding grant.*

## **ANALYSIS OF MONTANA'S RESPONSE**

We disagree with Montana's comments concerning the use of IV & V funds for other Y2K purposes. Generally, states were granted latitude in using Y2K funds. However, Field Memorandum 38-98 clearly specifies appropriate IV & V activities and the 1999 SBR Review Panel Report expresses the intent of restricting IV & V grants use to specified purposes. Consequently, we continue to question the \$114,300.

We also disagree with Montana's argument that it be allowed to avoid return of unallowable charges of \$15,640 and \$2,983 related to contractual services and the purchase of a local telephone system, respectively.

Consequently, we continue to recommend the Assistant Secretary for Employment and Training recover \$132,743 of unallowable grant expenditures and return the funds to the U.S. Treasury.

**ATTACHMENT**

**MONTANA'S RESPONSE TO THE DRAFT AUDIT REPORT**

Montana's response to the draft audit report is presented in its entirety following this page.

State of Montana  
Department of Labor & Industry  
Judy Martz, Governor

RECEIVED

UNEMPLOYMENT INSURANCE  
DIVISION



AUG 27 1 39 PM '01 Division Administrator  
email: jhill@state.mt.us

U.S. DEPT. OF LABOR  
OFFICE OF  
INSPECTOR GENERAL  
ATLANTA AUDIT OFFICE

August 23, 2001

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

Dear Mr. Wallace:

The following responses are from the Montana Department of Labor and Industry to the Year 2000 audit report draft number 04-01-010-03-315, issued July 27, 2001.

**Finding:** Grant Funds of \$114,300 provided for Y2K validation activities were spent for other purposes.

**Response:** Montana does not concur with the audit finding on the usage of the Independent Verification and Validation funds. We had permission to use all Y2K funds for the MISTICS system, both verbally and in writing from the USDOL Regional VIII office in Denver. As you stated in the exit conference, this finding is in a gray area and we believe the expenditure of the grant funds of \$114,300 should be approved. Montana has provided support documentation that allows flexibility in redistributing the funds.

**Finding:** Duplicate charges of \$15,460 were made to the Y2K grants

**Response:** We concur with the finding that there was an accounting error that resulted in duplicate charges of \$15,459.65 for contracted services. Since legitimate Y2K expenses exceeded the grant amounts, we request the ability to apply the questioned costs to pay for valid Y2K expenditures that were paid for out of the base funding grant.

**Finding:** Unspent Grant funds of \$5,558 that passed between state agencies should be returned.

**Response:** We have attached a revised worksheet from the Montana Department of Revenue that addresses the \$5,558 disparity in the Y2K revenue and expenditures. The revenue received by the Department of Revenue matches with the expenditures incurred. The disparity has been resolved.

**Finding:** The Y2K grant was overcharged \$2,983 for a local office telephone system.

**Response:** Because of a coding error, we concur with the finding. Since legitimate Y2K expenses exceeded the grant amounts, we request the ability to apply the \$2,983.47 in questioned costs to pay for valid Y2K expenditures that were paid for out of the base funding grant

Wallace Letter  
August 23, 2001  
Page 2

We want to thank the team of Tony Pilgrim and A.K. Morrison along with supervisor Van O'Connell. The review was conducted during an extremely busy time related to our biennial state legislature and the implementation of a new automated system. They were very professional and patient. If you have any further questions, please contact Annette Rinchart, Budget Officer at (406) 444-4646, Joanne Loughney-Finstad, Chief, Program Support Bureau at (406) 444-2747 or Jim Hill, Administrator at (406) 444-2749.

Sincerely,



for  
Mike Foster  
Commissioner  
Montana Department of  
Labor & Industry

Enclosures

Y2K Reconciliation

EXPENSES				REIMBURSEMENTS								
ORG	OIE	Detail	Document #	Date	60401 Charges	60403 Charges	Misc. Information	Amount Billed to DOJ	Memorandum Date	Document #	Doc. Date	Reimburs. Received
60401	2245	Dial Marketing	9912203	09/05/1998	3,340.00			3,340.00		9903291	09/25/1998	3,340.00
60401	2249	Visto Software	9900139	10/29/1998	138.95							
60401	2102	Thicoastal Consulting	9908653	10/14/1998	3,631.25							
60401	2102	Thicoastal Consulting	9908653	10/14/1998	10,006.25							
60401	2102	Thicoastal Consulting	9908653	10/14/1998	4,543.75							
60403	2102	Thicoastal Consulting	9908742	11/19/1998		2,837.50		18,320.20	11/05/1998	9907703	11/19/1998	18,320.20
60403	2102	Thicoastal Consulting	9908659	12/22/1998		4,925.00		2,837.50	12/03/1998	9909437	12/11/1998	2,837.50
60403	2102	Thicoastal Consulting	9908888	01/09/1999		3,756.25		4,925.00	01/08/1999	9911742	01/13/1999	4,925.00
60403	2245	Dial Marketing	9912572	03/22/1999		5,904.00						
60403	2102	Thicoastal Consulting	9909108	03/03/1999		1,437.50		7,341.50	04/09/1999	9918047	04/12/1999	7,341.50
60403	2102	Thicoastal Consulting	9909271	04/15/1999		37.50		37.50	05/04/1999	9920317	05/05/1999	37.50
60403	2102	Thicoastal Consulting	9909329	05/05/1999		6,518.75		6,518.75	06/04/1999	9922376	06/10/1999	6,518.75
60403	2102	Thicoastal Consulting	9909323	06/16/1999		1,875.00		1,875.00	07/09/1999	9925416	07/13/1999	1,875.00
60403	2102	Watusau				2,705.00	Accrual # 32 (Billed 3/20/00)					
60403	2245	Dial Marketing				3,968.00	Accrual # 35					
60403	2245	PC Connections				25,770.00	Accrual # 8					
60403	2245	Dial Marketing (252461306)				2,464.00	(1)					
60403	2175	ISD Costs 6/99				500.00	(1)					
60403	2102	Thicoastal Consulting				91,000.00	ADT doc Avail. For this					
60403	2102	Untype - Empl. Change System				25,770.00	Liq. Of Accrual #35					
60403	2245	Dial Marketing (258522093)				149,472.00	Liq. Of Accrual #8					
60403	2301	PC Connections										
60403	2301	Dial Marketing (258522093)										
60403	2102	Thicoastal Consulting										
60403	2301	Thicoastal Consulting										
60403	2301	Thicoastal Consulting										
60403	1302	Liquidate Due From Fed Govt										
60403	2301	Watusau										
60403	2245	PC Connection										
60403	2809	Sterling Commerce										
60403	1302	Liq. Unused Am't of Accrual # 112 - Watusau										
10503	2241	Pitney Bowes - charged to wrong org										
60200	2174	ISD - PC connectors for Thicoastal Contractors										
60200	2370	ISD - Telephone/Viral connectors for Thicoastal										
60200	2391	ISD - Data Circuits - remote access for Thicoastal										
Total Expenditures / Org					21,660.20	188,616.98		210,477.48				210,477.48
Authorized Appropriation					196,968.00	91,000.00		287,968.00				
Remaining Approp.					178,507.80	(97,616.98)		77,790.82				77,790.82
Total Expenditures for Y2K					210,477.48	188,616.98		210,477.48				210,477.48
Total Billed DOJ					210,477.48	188,616.98		210,477.48				210,477.48
Difference												
Total Received from DOJ								77,790.82				77,790.82
Fund Balance												



EXPENSES							
ORG	O/E	Description	Detail	Doc #	Date	60401 Charges	60403 Charges
60401	2102	Consult & Prof Services	Tricoastal Consulting	9908853	10/14/1998	3,631.25	
60401	2102	Consult & Prof Services	Tricoastal Consulting	9908853	10/14/1998	10,006.25	
60401	2102	Consult & Prof Services	Tricoastal Consulting	9908853	10/14/1998	4,543.75	
60403	2102	Consult & Prof Services	Tricoastal Consulting	9908742	11/19/1998		2,837.50
60403	2102	Consult & Prof Services	Tricoastal Consulting	9908859	12/22/1998		4,925.00
60403	2102	Consult & Prof Services	Tricoastal Consulting	9908898	01/08/1999		3,756.25
60403	2102	Consult & Prof Services	Tricoastal Consulting	9909108	03/03/1999		1,437.50
60403	2102	Consult & Prof Services	Tricoastal Consulting	9909271	04/15/1999		37.50
60403	2102	Consult & Prof Services	Tricoastal Consulting	9909329	05/05/1999		6,518.75
60403	2102	Consult & Prof Services	Tricoastal Consulting	9900523	06/16/1999		1,875.00
60403	2102	Consult & Prof Services	Tricoastal Consulting	9900068	07/09/1999		500.00
60403	2102	Consult & Prof Services	Wausau	(251) 32	07/15/1999		2,705.00
60403	2102	Consult & Prof Services	Tricoastal Consulting	(251) 112	07/27/1999		30,000.00
60403	1302	Liq unused portion of ac	Wausau		04/01/2000		(28,856.25)
60403	2102	Consult & Prof Services	Unisys - Empl. Charge System	(271) 9900564	07/19/1999		(91,000.00)
60403	2102	Consult & Prof Services	Unisys - Empl. Charge System	(271) 9900573	07/22/1999		91,000.00
60403	2102	Consult & Prof Services	Unisys - Empl. Charge System	(271) 9900573	07/22/1999		91,000.00
	<b>2102 Total</b>					18,181.25	116,736.25
60200	2174	Network Connections/Do PC Connection costs (\$53x2x12)			07/20/1999		1,272.00
	<b>2174 Total</b>						1,272.00
60403	2175	Sys Development/D of A ISD Costs 6/99		(232) 9925368	07/14/1999		2,464.00
	<b>2175 Total</b>						2,464.00
10503	2241	Pitney Bowes	Mailer-charged to wrong org	(271)9900567	07/08/1999		4,046.73
	<b>2241 Total</b>						4,046.73
60401	2245	Minor Equip	Dell Marketing	9912203	08/05/1998	3,340.00	
60403	2245	Minor Equip	Dell Marketing	9912572	03/22/1999		5,904.00
60403	2245	Minor Equip	Dell Marketing	9912786	07/14/1999		25,770.00
60403	2245	Minor Equip	PC Connections	(251) 8	07/14/1999		3,988.00
60403	2245	Minor Equip	Correct Acrl # 8/0PSP00011	000JB00428	06/01/2000		(126.00)
60403	2245	Minor Equip	Dell Marketing	(251) 35	07/14/1999		25,770.00
	<b>2245 Total</b>					3,340.00	61,284.00
60401	2249	Minor Software	Visio Software	(271) 9900139	10/29/1998	138.95	
	<b>2249 Total</b>					138.95	
60200	2370	Telephone/V Mail	D of A - ISD (charged to wrong org)		07/06/1999		204.00
	<b>2370 Total</b>						204.00
60200	2381	Data Curcits (remote acc D of A - ISD (charged to wrong org)			07/06/1999		35.00
	<b>2381 Total</b>						35.00
10503	2809	Training	Sterling Commerce	0PSP0110	09/15/1999		2,475.00
	<b>2809 Total</b>						2,475.00
<b>Grand Total</b>							
<b>Total Budget Allocation</b>						21,840.20	188,516.98
<b>Balance in Fund</b>						196,968.00	91,000.00
						175,307.80	(97,516.98)
							210,177.18
							287,968.00
							77,790.82
<b>Payment of Accruals</b>							
60403	2301	Accrual # 32 Payment	Wausau	0PSP0203	01/08/2000		(2,705.00)
60403	2301	Accrual # 112 Payment	Tricoastal Consulting	OPAH0761	09/24/1999		(543.75)
60403	2301	Accrual # 112 Payment	Tricoastal Consulting	OPAH0796	10/01/1999		(412.50)
60403	2301	Accrual # 112 Payment	Tricoastal Consulting	OPAH0796	10/01/1999		(187.50)
60403	2301	Accrual # 35	Dell Marketing	0PSP0044	08/09/1999		(25,770.00)
60403	2301	Accrual #8 Payment	PC Connection	0PSP00011	03/13/2000		(3,988.00)
60403	1302	Liquidate Acrl #112	Wausau		04/01/2000		(28,856.25)

- (1) 30 PCs were ordered on PO # 29475 from Dell Marketing and received in 2 separate shipments of equal quantity and cost. 1/2 of the order was received prior to fiscal year cut-off and paid immediately (doc # 9912786 dated 7/14/99 for invoice # 252461306). The second 1/2 of the order was set up on Accrual # 35. Invoice # 258522073 was received 8/9/99 and paid 8/9/99, document # 0PSP0044. Each invoice totaled \$25,77.00.
- (2) Invoice 258522093 was included on 2 separate requests for reimbursement 000JB00066 and 000JB00284, causing an overpayment by DOLI to DOR of \$25,770.
- (3) 31 token rings were ordered from PC Connections, 30 for the Y2K PCs and one for the Director's Office. When the accrual was established and the invoice paid for this order, all 31 were charged to 60403, the Y2K project. Later, during a review, this error was discovered and journal was done, correcting the error and crediting the expenditure control account (0PSO00011 dated 3/13/00)
- (4) An adjustment made on 6/1/00 for \$20,212.27 partially corrected the overpayment for the duplicate PC charges. Backup documentation states "Also, the second half of our entry is to payback money we received twice. It amounted to \$20,212.27. The amount is not tied to one transaction, but a series of activity", which are identified on the expenditure side at bottom, marked (4).
- (5) A letter requesting authority to spend the balance of the Y2K appropriation was sent to DOLI on 10/9/99. At that time an amount of \$56,839.00 was quoted as the fund balance. This amount differs from my worksheet because at the time, the following transactions had not been recorded: the -\$128 correcting had not been discovered; the charge for training by Sterling Commerce for \$2,475 had not been recorded, and the unused balance of Accrual \$112 had not been liquidated -\$28,856.25.