

Bob Taft  
Governor



Tom Hayes  
Director

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INSPECTOR GENERAL  
OFFICE OF AUDIT  
ATLANTA, GA

September 9, 2002

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

Re: Report Number 04-02-004-03-390

Dear Mr. Wallace:

We have reviewed the report prepared by R. Navarro and Associates, Inc., on behalf of the Office of Inspector General (OIG), regarding Workforce Investment Act grants and transition funds awarded to the State of Ohio, for the period July 1, 2000, through December 31, 2001. We are in general agreement with the report; however, there are several areas that we believe require additional clarification. Those areas are discussed and are submitted for edification and inclusion into your report. They are as follows:

The period of this report is July 1, 2000, to December 31, 2001, as identified on the cover page of the report and in Paragraph 1 under the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, there are references throughout the report that go beyond December 31, 2001. This is confusing to the reader and appears that the scope has been exceeded. I would suggest that the report clarify that the scope is primarily tied to the funding source, and that activity related to this source was examined.

Page 4, paragraph 2---The report states that the State reorganized into 85 service areas. This is incorrect. That same comment is repeated throughout the report and should be corrected (i.e., Page 8, #7, paragraph 1). Currently, Ohio has 8 Local Areas. However, one of those areas known as the Option Area (OA) currently has 57 sub-areas. During the transition from JTPA to WIA for the period July 1, 2000, through June 30, 2001, Ohio had seven local Workforce Investment Areas. The area known as the Option Area had 45 sub-areas.

Page 4, paragraph 2---The last sentence in this paragraph is an opinion, unsupported by fact, and is contrary to the Independent Accountant's Report on Applying Agreed-Upon Procedures (i.e., paragraph 5) and should be removed from the report.

Page 4, paragraph 4, has a date of December 31, 2002. This date appears to be in error and should be changed to December 31, 2001, to reflect the scope period of the examination.

Page 6, first table---This table summarizes Local Board and State obligations as of March 31, 2002. The state calculated these figures using the information in the Financial Status Reports (FSR) footnotes as documentation of the obligated commitment, and included the footnoted amount when Option Area (OA)

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was available, or the footnoted amount up to a maximum of the OA amount available for each funding year. Under this methodology, the state's calculations of the amount obligated differ in several places from the draft figures. For PY 2000, the report shows \$62.1 M; the state's calculation is \$61.8 M. Also, the reported amount includes \$1.7 M more in FY 2001, and \$1.7 M less in PY 2002, than the state calculated.

The state attempted to verify the calculations with R. Navarro & Associates over the past few days, but the proper state and Navarro contacts have not yet taken place. While there are not significantly large differences between the state's and Navarro's calculations, it would be best to clarify the methodology for the calculations in the table.

Page 8, #7, paragraph 2--- Sentence 2 states, "According to State officials, they were informed that if TANF funding was not fully utilized within a given period, the unspent funds would have to be remitted back to the funding source." This statement should be rewritten to say, "According to State officials, the local areas (counties) were informed that if TANF funding was not fully utilized within a given period, the unspent funds would have to be remitted back to the State (ODJFS). The local areas used TANF funding instead of WIA funding because there were fewer restrictions on the eligibility of participants and use of TANF funds."

We look forward to receiving your final report. If you have any questions or wish further information, please contact Arthur D. Stackhouse, Office of the Chief Inspector, at (614) 466-3015.

Sincerely,



Kenneth B. Marshall  
Chief Inspector  
Office of the Chief Inspector

KBM:ADS:plq

Enclosure

cc: Thomas Hayes  
Melissa DeLisio  
Robert Blair  
China Widener  
Donald Singer  
Quentin Potter  
Mark Birnbrich  
Arthur Stackhouse