March 31, 2003

MEMORANDUM FOR: EMILY STOVER DeROCCO
Assistant Secretary for
Employment and Training

Elliot P. Lewis

FROM: ELLIOT P. LEWIS
Assistant Inspector General
for Audit

SUBJECT: Report on Evaluation of Agreed-Upon Procedures
Job Training Partnership Act (JTPA) Grants
Awarded to the State of Florida
Report No. 04-03-002-03-340

The attached State of Florida agreed-upon procedures (AUP) report was prepared by the public accounting firm of R. Navarro and Associates, Inc. (Navarro). Our evaluation of the AUP raises serious concerns about the adequacy of the State's accounting for JTPA funds. The concerns form the basis for recommendations discussed on page 3 of this evaluation report.

BACKGROUND

Florida was among 10 states we selected to determine if Job Training Partnership (JTPA) grants had been properly closed out, in accordance with the Employment and Training Administration's (ETA) instructions, and if costs reported on Florida's closeout report were supported and reasonable. Navarro reviewed Florida's Program Year (PY) 1997 through 1999 JTPA awards and applied procedures at the Agency for Workforce Innovation (AWI), Florida's JTPA administrative agency, and at two of Florida's subrecipients.

ISSUES

A JTPA closeout package had not been prepared when Navarro visited Florida, in February 2002, some 14 months beyond ETA's December 31, 2000 deadline for submitting JTPA closeout information. Lacking a closeout package, Navarro reviewed information reported on what were identified as AWI's final JTPA Financial Status

Reports (FSRs), submitted to ETA. AWI informed Navarro the reports were prepared from a system maintained by the Agency. However, although provided the opportunity, AWI was unable at the time to provide financial data that supported amounts reported on the final FSRs. Navarro obtained financial information from the Florida Accounting Information Resource (FLAIR) system, the State's official accounting and budgetary control system, and compared FLAIR expenditures to those reported on the final FSRs.

After AWI submitted a JTPA closeout package to ETA in June 2002, nearly 18 months past the submission deadline, Navarro compared JTPA information reported in the closeout package to financial data contained in the FLAIR and to the final FSRs. Significant discrepancies in financial information reported in the FSRs, FLAIR and closeout package were identified. Specifically:

- The closeout package contained an additional $22.6 million in expenditures not reported to ETA in earlier "final" FSRs;

- JTPA expenditures recorded in the FLAIR were $12.1 million less than those reported to ETA in the closeout package; and

- Amounts totaling $17.9 million, identified as "transfers" in the FLAIR, were included as expenditures on the FSRs, and could not be substantiated as allowable JTPA costs.

In addition, Navarro found:

- Administrative cost offsets of $1.3 million, resulting from prior audit exceptions, were to have been applied against PY 1999 funds; however, they were not reflected in the closeout;

- The State was unable to provide us with subrecipients' final JTPA financial reports, which were necessary to have prepared the State's closeout package; and

- Numerous findings reported in several State single audits indicated weaknesses in JTPA accounting and reporting procedures were not corrected.

AWI's response to the draft report indicates, as Navarro had been told, a subsidiary ledger was used to prepare Federal reports that contained information not in the State's official accounting system. The State says it is now in the process of reconciling the two systems. The response also indicates the report's conclusions are the result of Navarro's failure to review the appropriate records. Most of the subrecipients' reports are now said to be available for review. The State also contends transfers were incorrectly presented in our report, and some differences between amounts previously reported to ETA and closeout reports resulted from mistakenly reporting JTPA-related expenditures as Workforce Investment Act costs.

The State was provided ample opportunity to supply Navarro all relevant data, but did not do so. Also, many of the explanations provided by the State contradict information Navarro reviewed and evidence they gathered.

RECOMMENDATIONS

Because of the significance of our concerns, we are recommending ETA ensure that the State obtains an accounting of its JTPA activities. The accounting should (1) determine the accuracy of JTPA closeout information, (2) ensure only allowable costs were reported, and (3) address other concerns discussed in the attached AUP report.

We request a response to this evaluation within 60 days addressing your actions on our recommendations. We will track the status of corrective action through the resolution process. You are responsible for transmitting official copies of this report. However, we have provided a courtesy copy of the AUP report to Susan Pareigis, Director, Agency for Workforce Innovation, State of Florida.

I would be pleased to provide you a briefing on this evaluation report. My staff will contact your office to arrange a meeting time that is convenient for you. In the meantime, please contact me at (202) 693-5170, or Robert Wallace, Regional Inspector General for Audit in Atlanta, at (404) 562-2342, if you have any questions concerning this evaluation or the attached AUP report.

Attachment

Attachment

U.S. DEPARTMENT OF LABOR
EVALUATION OF GRANT CLOSEOUT
PRACTICES APPLIED TO
JOB TRAINING PARTNERSHIP ACT GRANTS

GRANTS AWARDED TO THE STATE OF FLORIDA

INDEPENDENT ACCOUNTANTS= REPORT
ON APPLYING AGREED-UPON PROCEDURES

JULY 1, 1997 THROUGH JUNE 30, 2000

R. NAVARRO & ASSOCIATES, INC.

TABLE OF CONTENTS

ACRONYMS

CFR	Code of Federal Regulations
CMIA	Cash Management Improvement Act
DOL	U.S. Department of Labor
ETA	Employment and Training Administration
FLAIR	Florida Accounting Information Resource system
FSR	Financial Status Report
FY	Fiscal Year
JTPA	Job Training Partnership Act
NOO	Notice of Obligations
OIG	Office of Inspector General
PY	Program Year
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 have performed the procedures enumerated in the “Procedures and Findings” section of this report. These procedures were agreed to by the U.S. Department of Labor (DOL), Office of Inspector General (OIG), solely to assist you in evaluating the closeout of the State of Florida’s 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 Florida 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.

Management of the State of Florida qualified their representations to the OIG as to the completeness and accuracy of JTPA closeout reports and related supporting documentation due to a reorganization within the State which transferred responsibility for the JTPA program to a new State agency. Management’s representations are also qualified as to certain data subjected to our procedures that were disputed in management’s written response to the draft report.

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.

July 1, 2002

SUMMARY OF FINDINGS

The Job Training Partnership Act (JTPA) closeout package provided by the State of Florida to the U.S. Department of Labor (DOL), Employment and Training Administration (ETA), was untimely, in that it was submitted approximately 1 ½ years after the deadline for closing the Program Year (PY) 1998 and PY 1999 grants. In fact, the closeout package was not available at the time we visited the State (February 2002), but was provided to ETA several months later, at the end of June 2002. The closeout reflected total JTPA expenditures that varied significantly from final Financial Status Reports (FSRs) previously submitted by the State. Total expenditures on the closeout were $22.6 million greater than those previously reported, and did not consistently reflect funds transferred between JTPA titles, as reported on the FSRs. In addition, the State reported $7.9 million for the PY 1999 youth funding which had previously been reported as transferred to the Workforce Investment Act (WIA) program, and we were unable to determine if required administrative offsets were appropriately applied to the closeout in accordance with DOL instructions.

The JTPA expenditures reported by the State of Florida on the closeout package did not agree to amounts recorded in the State=s official accounting system. Reported expenditures exceeded recorded amounts by $12.1 million, however, the expenditures recorded in the accounting records included $17.9 million labeled as Atransfers" (rather than operating or capital expenditures). We were unable to determine the nature of the charges recorded in the transfer accounts, and whether they represented allowable JTPA expenditures or inter-title transfers (which should always net to zero). The amounts in these accounts did not agree to inter-title transfers reported on final FSRs.

Florida's single audit reports have consistently included reportable conditions and material weaknesses over the past few years, many of which remain unresolved. These include:

S Expenditures reported on FSRs did not agree and were not reconciled to expenditures recorded in the accounting records.

S The accounting system for grant expenditures was deficient and considered to be a material weakness in internal control. This finding resulted in a qualified opinion on compliance for the JTPA cluster programs.

S The State could not demonstrate proper accountability for Federal funds to ensure that funds are drawn from appropriate Federal awards, only as needed to meet immediate disbursement needs, and utilized for appropriate activities.

S Federal funds drawn down by the State could not be correlated with the expenditure of such funds, and the State could not demonstrate compliance with the Cash Management Improvement Act (CMIA).

S Equipment purchased by the State with JTPA funds was used for other programs, and the State did not have a method for allocating these costs among the benefiting programs.

S Salaries and related costs were allocated based on budgets rather than actual costs.

Florida generally did not concur with the findings and information presented in this report, however, its written response did not provide additional information that would change the findings as stated. A summary of its written response and the corresponding OIG comments are provided in a separate section of this report.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

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 Florida 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 to determine if there were unresolved audit findings pertaining to JTPA awards.

Our agreed-upon procedures include the JTPA funds awarded to the State of Florida for PYs 1997, 1998 and 1999, and FYs 1997 and 1998. Procedures were initially applied to grant activities reported by the State and two subrecipients, Okaloosa Walton Jobs and Education Partnership Inc., and Polk County Workforce Development Board Inc., as of December 31, 2001. However, we were subsequently provided a copy of the final JTPA closeout package submitted to ETA, dated June 26, 2002. We incorporated the final closeout information into our procedures.

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

The JTPA grants awarded to Florida and included in our procedures are (expenditure numbers are based on the final closeout package):

Year and Title	Federal Obligations	Total Reported Expenditures	Inter-title Transfers	Net Expenditures
FY 97 II B	$ 37,105,802	$ 37,105,802	0	$ 37,105,802
PY 97 II & III	92,783,055	92,783,055	0	92,783,055
PY 97 III D	1,000,000	618,938	0	618,938
FY 98 II B	34,961,391	33,439,638	0	33,439,638
PY 98 II & III	85,518,860	78,535,907	0	78,535,907
PY 98 III	400,000	326,843	0	326,843
PY 99 Adult	78,980,707	0	0	0
PY 99 Youth	41,357,488	7,918,469	0	7,918,469
Total	$ 372,107,303	$ 250,728,652	0	$ 250,728,652

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

The State of Florida did not submit required closeout information to ETA, in accordance with the December 31, 2000, deadline. In fact, the closeout package had not been prepared at the time we visited the State (February 2002). We were later informed that a closeout would be submitted to ETA in June 2002. We were subsequently provided with a copy of the closeout package, dated June 26, 2002.

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

The expenditures reported on the closeout did not appear reasonable. We performed this procedure using final FSRs for PY 1997, FY 1997, FY 1998, and PY 1998 awards, as well as the December 31, 2001, FSRs for the PY 1999 awards. We compared the information reported on the closeout to that on the FSRs.

Significant variances were noted as follows:

	Expenditures Per FSRs			Expenditures	
	Total (computed)	Transfers	Net	Per Closeout	Increase (Decrease)
FY 97 IIB	$37,105,802	$(7,206,695)	$29,899,107	$37,105,802	$7,206,695
PY97 II/III	88,268,556	7,206,695	95,475,251	92,783,055	(2,692,196)
PY97 III D	603,765	0	603,765	618,938	15,173
FY 98 II B	34,961,391	(4,765,305)	30,196,086	33,439,638	3,243,552
PY 98 II/III	66,822,481	4,765,305	71,587,786	78,535,907	6,948,121
PY 98 III D	326,843	0	326,843	326,843	0
PY 99 Adult	0	0	0	0	0
PY 99 Youth	0	0	0	7,918,469	7,918,469
Subtotal	$228,088,838	$0	$228,088,838	$250,728,652	$22,639,814
PY 99 III D	2,213,062	0	2,213,062	Not reported	
Total	$230,301,900	$0	$230,301,900		

In total, the State reported an additional $22.6 million on the closeout that was not previously reported to ETA. Of this amount, $14.7 million was for programs where the final cost reports had been previously submitted (dated between May 2000 and December 2000), and $7.9 million was for the PY 1999 grant where the prior FSR information indicated that all of the funds were transferred to the WIA program. In addition, the closeout package did not reflect inter-title transfers. For example, the closeout did not reflect $7.2 million previously reported as transferred from the FY 97 IIB program to the PY 97 II/III program.

Correspondence and attachments provided with the closeout indicated that the State had agreed to apply approximately $1.3 million in administrative offsets (resulting from costs questioned in prior audits) against PY 1999 JTPA funds. The correspondence states that the offsets were made against the PY 1998 (rather than PY 1999) JTPA funds transferred to WIA. However, the closeout does not reflect a reduction of the PY 1998 or PY 1999 obligations, nor does it reduce the amount reported as transferred to WIA. Therefore, we were unable to determine that administrative offsets were made in accordance with DOL instructions.

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

JTPA financial transactions were recorded in the Florida Accounting Information Resource (FLAIR) system, the State=s official accounting and budgetary control system. We found that expenditures recorded in the accounting records (FLAIR) differed substantially from those reported on the FSRs and the final closeout package. Differences were identified for expenditures charged to the JTPA program, as well as expenditures charged against JTPA grant funds transferred to WIA. The differences are as follows:

Funding Period	**Program**	**Expenditures Per FLAIR**	**Expenditures Per Closeout**	**Closeout (Over) Under FLAIR**	
FY 97	JTPA	$ 37,303,245	$ 37,105,802	$ 197,443	
PY 97/FY 98	JTPA	123,665,227	126,841,631	(3,176,404)	
PY 98	JTPA	77,698,303	78,862,750	(1,164,447)	
PY 99 (IIB/C)	JTPA	0	7,918,469	(7,918,469)	
Subtotal		$238,666,775	$ 250,728,652	$(12,061,877)	(1)
PY 99 (IIID)	JTPA	2,090,728	(not reported)		
Total JTPA		$240,757,503			

Funding Period	**Program**	**Expenditures Per FLAIR**	**Expenditures Per FSRs**	**FSRs (Over) Under FLAIR**	
FY 97	JTPA	$ 37,303,245	$ 29,899,107	$ 7,404,138	
PY 97/FY 98	JTPA	123,665,227	126,275,102	(2,609,875)	
PY 98	JTPA	77,698,303	71,914,629	5,783,674	
PY 99 (IIID)	JTPA	2,090,728	2,213,062	(122,334)	
Subtotal JTPA		$240,757,503	$230,301,900	$ 10,455,603	(1)
PY 98	WIA	1,209,227	22,080,227	(20,871,000)	
PY 99	WIA	117,626,864	114,074,242	3,552,622	
Subtotal WIA		$118,836,091	$136,154,469	$(17,318,378)	
Total DOL Grants		$359,593,594	$366,456,369	$ (6,862,775)	(1)

(1) The differences calculated are based on total FLAIR expenditures inclusive of "transfer" accounts. These accounts are discussed further at procedure 7 and in OIG comments that begin on page 13 of this report.

While WIA funds were not within the scope of this engagement, the trial balances and worksheets provided by the State included both JTPA and WIA activity. The WIA data are presented in this report because any subsequent reconciliation of the variances identified above should encompass expenditures for the entire JTPA grant, including the portion transferred to WIA.

5. **Select a sample of 10 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 asked State officials to provide subrecipient closeout packages or final financial reports. We were informed that the State was unable to locate the subrecipient records requested, and accordingly, we were unable to perform this procedure.

6. **If differences were noted between the State=s accounting records and reported JTPA expenditures, identify potential reasons for the differences and/or lack of sufficient reconciliations.**

Due to the differences between the accounting records and the financial reports, we made inquiries as to the process used to prepare FSRs and whether reconciliations of recorded and reported expenditures had ever been performed. We were informed that FSRs were prepared from various sources of data, such as FMTS and other off-ledger records, and were not prepared from the FLAIR. We also were informed that reconciliations of costs reported to DOL with those recorded in the FLAIR were not performed. The State had cut back on the staff assigned to account for JTPA activities, and only one individual remained on a part-time basis.

As discussed in procedure 7, the State=s single audits have repeatedly identified similar differences for prior years' JTPA grants, but corrective actions were never implemented.

Management indicated to us and to the State auditors, that reconciliations between the accounting records and the expenditure reports submitted to DOL have not been completed due to lack of staff, reorganization and other pressing priorities.

7. **Scan the reported data and the data recorded in the State=s accounting records, and determine if there are any unusual items that would require that additional procedures be performed.**

As noted above, data reported to ETA on final FSRs and the closeout package did not reconcile to the FLAIR, and reported amounts changed significantly between final FSRs and the closeout package. In addition to these discrepancies, we noted accounts listed on the FLAIR trial balances called Atransfers.@ The amounts recorded in the transfer accounts (total of $17.9 million) carried debit balances and were included in the expenditure amounts reported on the FSRs. Transfer accounts included the following: Federal Funds Transfer, Transfer to Agency, Transfer to Trust, Transfer to Other Agency, Transfer to State O/H. Based on the data provided, we were unable to determine the nature of charges recorded in these transfer accounts.

Under JTPA, states were allowed to transfer funds between certain JTPA titles, within established parameters. For example, a grantee could transfer funds from the dislocated workers program (Title III) to the adult program (Title II A). We compared amounts recorded in the AFederal Funds Transfer@ accounts to JTPA transfers on the FSRs to determine if these accounts were used to record inter-title transfers.

We noted the following:

	Total FLAIR Transfers	Less: Other Transfers	FLAIR AFederal@ Transfers	Transfers Reported Per FSRs	Difference
FY 97 II-B	$ 0	$ 0	$ 0	$ (7,206,695)	$ (7,206,695)
PY 97 II/III	8,300,908	1,753,628	6,547,280	7,206,695	659,415
FY 98 II-B	0	0	0	(4,765,305)	(4,765,305)
PY 97 Title III D	67	67	0	0	0
PY 98 II/III	9,594,912	544,332	9,050,580	4,765,305	(4,285,275)
Total	$17,895,887	$2,298,027	$15,597,860	$ 0	$(15,597,860)

Based on the differences noted, we were unable to conclude that the AFederal@ transfers recorded in FLAIR were JTPA inter-title transfers. FLAIR transfer amounts did not agree to inter-title transfers reported on FSRs, and did not sum to zero (i.e., for inter-title transfers, an increase to one title should be reflected as a decrease to another title). If these JTPA funds were not transferred to another JTPA title, the question remains, where were the funds transferred, and did these amounts represent allowable JTPA grant expenditures?

If the FLAIR transfers were not for allowable JTPA expenditures, the difference between total expenditures reported on the closeout and JTPA expenditures recorded in the FLAIR, identified at procedure 4 as $12,061,877, would increase by $17,895,887 (the amount recorded in the transfer accounts). This would result in approximately $30 million reported on the closeout that was not supported by the accounting records.

8. Inspect the single audit reports submitted for the State beginning in 1997, and determine if there were reportable conditions, material weaknesses, report qualifications, or any other audit issues pertaining to JTPA grants that remain unresolved.

Florida's annual single audit reports included numerous findings regarding JTPA grants, which were not resolved, some of which were identified as material weaknesses. Although these findings were reported several years ago, corrective actions were not yet implemented. The following is a summary of relevant audit findings in Florida's single audit reports:

A. In the 1999 single audit report, the auditors reported that expenditure data recorded on JTPA cost reports did not always agree with information recorded in the FLAIR, the State=s official accounting and budgetary control system. The auditors identified differences in JTPA expenditures for the 1995 and 1996 final cost reports, reported to DOL in October 1998. The auditor stated that amounts reported on cost reports were based on costs recorded in the FLAIR, expenditure reports submitted by other State agencies, and other non-FLAIR systems such as the FMTS. The auditor stated that notwithstanding the different sources of the expenditure data reported on the ETA reports, the final expenditure data reported for a grant award should be substantiated by the FLAIR, which is the State's official accounting system.

The auditors concluded that the accounting system over grant expenditures was deficient and considered to be a material weakness in the State's system of internal controls. This finding resulted in a qualified opinion on compliance for the JTPA cluster programs. The auditor recommended that the State perform timely reconciliations of amounts reported as final expenditures on applicable Federal reports to expenditures recorded in the FLAIR system.

The FY 2000 report updated the FY 1999 finding and indicated that revised reports were submitted for PY 1995 and PY 1996 JTPA grants. However, the amounts reported still differed from the amounts recorded in the FLAIR.

The State auditors noted similar findings in prior audits (1998 and 1997). These audits also indicated that costs reported to DOL for prior program years did not agree with costs recorded in FLAIR, and that the costs had not been reconciled. Therefore, the 1999 and 1998 single audits concluded that prior year reporting deficiencies were not being corrected.

B. According to the FY 2000 single audit report, grant accounting continued to be deficient. The report includes numerous reportable conditions and material weaknesses for other DOL programs, some of which are similar to those noted above for JTPA grants. For example, one finding indicated that grant accounting procedures were found to be deficient and differences were noted between the FLAIR system and the cost reports submitted to DOL. These discrepancies had been noted in prior audits and continued into the FY 2000 reporting period. The auditor concluded that Florida could not demonstrate proper accountability for Federal funds to provide grantor agencies assurance that Federal funds are drawn from appropriate Federal awards, drawn only as needed to meet immediate disbursement needs, and utilized for appropriate activities. The auditor refers to differences between the funds reported to the granting agencies and the amounts recorded in the State's records.

C. In the FY 1997 single audit report, the auditors reported that funds drawn down by the State could not be correlated with the expenditure of such funds, and consequently, the State could not demonstrate compliance with the CMIA. The FY 1999 audit report indicated that this prior year finding had not been corrected and that the cash management practices and systems used to draw Federal funds were considered to have material weaknesses.

D. In the FY 1997 single audit, the auditors reported that $6.6 million of equipment purchased by the State, and charged to JTPA, was being shared by other programs and that the State did not have a method of allocating the costs of the computers to the programs that are benefiting from their use.

E. In the FY 1999 single audit, the auditors reported that the Division charged $3.3 million of salary and wage costs based on budgeted allocations rather than actual costs. This system of allocating costs based on budgeted amounts was not approved by the DOL, and the related charges were not considered to be allowable program costs. The FY 2000 report provided an update to this finding and indicated that the State continued to allocate salary costs without an appropriate allocation plan.

F. In the FY 2000 single audit report, the auditor reported that the Florida Department of Labor and Employment Security did not prepare an indirect cost rate proposal for FY 1999 and FY 2000. According to management's response, a plan was subsequently submitted to the DOL for FY 1999, but the FY 2000 plan was still pending. This finding affected many DOL programs, including the JTPA program cluster.

These audits indicated that there were material weaknesses in the State's cash management practices and in its grant accounting. However, the State's auditors informed us that none of these findings have been fully resolved.

9. From the single audit reports, identify the JTPA expenditures reported on the Schedule of Expenditures of Federal Awards and determine if the amounts agree or were reconciled by the single auditors to the expenditures recorded in the accounting records.

This procedure was not performed due to the deficiencies noted in this report and those noted in the State's single audit reports, as presented above, regarding the unreconciled differences between the State's accounting records and reported JTPA expenditures.

10. Obtain the final cost reports submitted by two subrecipients and determine if the amounts reported are supported by the subrecipients' accounting records.

We visited two subrecipients, Okaloosa Walton Jobs and Education Partnership, Inc., and Polk County Workforce Development Board Inc and obtained JTPA final reports submitted to the State. In both cases, we found that final JTPA expenditures reported to the State reconciled to amounts recorded in the subrecipient's accounting records.

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

We obtained single audit reports for the two subrecipients selected (FY 1998 through most recent report issued), and compared reported JTPA program expenditures to expenditures recorded in the accounting records. In both cases, reported JTPA expenditures reconciled to the accounting records.

12. 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 (most recent report issued). The reports did not include any unresolved reportable conditions, material weaknesses, qualifications or other audit issues related to the JTPA program.

State of Florida's Response

The Florida Agency for Workforce Innovation provided a written response to our draft report, dated November 18, 2002, which is included in its entirety at Exhibit I. In general, the State disagreed with the information presented in the report, and indicated that the information used for this report was not complete or accurate. The key points were:

1. The State indicated that the system used to prepare the FSRs was a contracts and grants subsidiary ledger, which contains information not included in the FLAIR. According to the State, certain transactions processed for JTPA grants were not "updated" in the FLAIR and the State is currently in the process of reconciling the two systems. The State also listed FSR information that differed from the FSR data presented in this report. In general, they concluded that the wrong information was used for our procedures, and that "the use of two different source documents has led to separate and distinct conclusions." The State also indicated that most of the Workforce Boards have been requested to submit copies of the final JTPA closeouts, and that a number of closeouts are now available for review.

2. The State indicated that Title FY IIB funding was closed out and accounted for with the PYs 1994, 1995 and 1996 closeout, and should not have been included in our closeout evaluation. They also indicated that the $7.2 million transferred from FY 97 IIB went to PY 96 IIC, and that other inter-title transfers were not accurately presented in our report for various titles and funding periods.

3. The State indicated that there were no "transfer" accounts recorded in FLAIR associated with WIA or JTPA programs.

4. The State indicated that some of the differences between the FSRs and the closeout were because certain amounts were originally reported as WIA costs that should have been reported as JTPA costs.

Auditor's Comments

Our agreed-upon procedures were performed using the documents provided to us by the State in response to our data requests. These included final FSRs, trial balances generated from the State's official accounting system (FLAIR), and various other documents provided by State representatives. (We also obtained copies of the final FSRs on file with ETA.) The State now indicates we used incorrect data in our procedures, and that other documents exist which would provide different results. However, we can only report based on the documents provided by the State, and cannot comment on any other documents or FSRs that the State makes reference to in its response. We were forthcoming with the State as to the data needed to complete these procedures, and the State had ample opportunity to assemble and provide all relevant data.

As to the State's remarks that "the Agency is in the process of reconciling the general ledger [FLAIR] to the subsidiary ledger and will adjust the FSRs accordingly," we have two comments. First, the State's remarks essentially admit that even though a final closeout was submitted to ETA, the final JTPA costs are still not known and further adjustments may be necessary once the records are reconciled. Second, the State's single auditors have reported since FY 1998 that amounts recorded in FLAIR did not agree to amounts reported to ETA. Since that time the State has assured the auditors that a reconciliation of the FLAIR was under way which would ensure the accuracy and completeness of FLAIR and FSR data. The following is a quote from the State's response to the FY 1998 single audit report, "The reconciliation project is on-going to correct these entries, but due to vacancies in the Fiscal Unit, the problem has not been fully corrected. . . . the reconciliation will be completed in conjunction with the transition close-out of JTPA currently scheduled for December 30, 1999" (corrective action plan page 4-51, dated June 1, 1999). We contend that sufficient time has elapsed to update the FLAIR and to ensure that all JTPA activities are accurately recorded therein, and that such an update should have transpired prior to submitting a final cost certification to ETA.

With regard to the State's contention that the FY 97 IIB funding should not be included in the scope of these procedures, we note that these funds were reported by the State on the current closeout package, and, accordingly, are included in the scope of these procedures. The prior closeout to which the State refers did not include these funds. Rather, it included only the PY 96 IIA, IIC, and IIIF funding associated with the PY96/FY97 grant. In addition, contrary to the State's response, the final FSRs included with the prior closeout do not reflect a $7.2 million transfer from FY 97 IIB to PY 96 IIC. Rather, those FSRs only indicate transfers of $1.8 million from FY 96 IIB to PY 96 IIC. Based on our inspection of the final FSRs submitted with the current and prior closeouts, we maintain that this report accurately reflects inter-title transfers for all funding, as reported to ETA.

With regard to the State's contention that there were no official "transfer" accounts recorded in FLAIR for the JTPA program, we note that these account titles and corresponding balances were listed on the FLAIR trial balances provided by the State, in response to our data requests. For example, the trial balance provided for PY 97 Title IIA 5 percent funds reflects account number 75600, "Federal Funds Transfers Out to Other Agencies, CF Tr/Dept Elder Affairs," with a debit balance of $443,357. This balance was included in the PY 97/FY 98 "Expenditures Per FLAIR" amount presented at procedure 4 of this report. If the State contends that the "transfer" accounts should not be included in our procedures, the "Expenditures Per FLAIR" amount presented at procedure 4 would decrease, and the corresponding differences between expenditures recorded in FLAIR and those reported on the closeout would increase, as follows:

Expenditures per FLAIR reported at procedure 4	$238,666,775
Less: total amounts recorded in "transfer" accounts	(17,895,877)
Expenditures per FLAIR, excluding "transfer" accounts	220,770,898
JTPA expenditures reported per closeout	250,728,652
Difference	$ 29,957,640

This difference represents expenditures reported on the JTPA closeout in excess of actual expenditures recorded in FLAIR, excluding the "transfer" accounts.

Finally, with regard to the WIA funding, there should be no confusion as to whether expenditures incurred were WIA costs or JTPA costs, as they are two separate and distinct programs. Nevertheless, the State's comments support our statement that any subsequent reconciliation of actual and reported expenditures should include both JTPA and WIA expenditures.

EXHIBIT I – COMPLETE TEXT OF THE STATE OF FLORIDA'S RESPONSE

Agency for Workforce Innovation

Jeb Bush
Governor
Susan Pareigis
Director

November 18, 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

Dear Mr. Wallace:

Subject: Report Number 04-03-002-03-340

The enclosed comments are offered in response to the evaluation of Florida's closeout of Job Training Partnership Act (JTPA) grants awarded by the U.S. Department of Labor, Employment and Training Administration. We request that this response be considered prior to finalizing your report. Additionally, we believe that the information presented herein provides detailed clearifications for many of the findings identified in the draft report.

If you have questions or require additional information, please do not hesitate to contact our Inspector General, James F. Mathews at (850) 245-7141. He will provide the necessary coordination to ensure that you receive a timely response.

Sincerely,

Susan Pareigis
Director

SP/jmj

Enclosure

cc: Mr. Curtis Austin
Ms. Barbara Griffin
Mr. James F. Mathews
Mr. Kevin Thompson

Agency for Workforce Innovation
The Caldwell Building, Suite 100L • 107 East Madison Street • Tallahassee • Florida 32399-4122
Phone 850-488-7228 • Fax 850-921-2253 • (TTY/TDD 1-800-955-8771 – Voice 1-800-955-8770)
For more information go to **www.myflorida.com**

Summary of Findings

The Agency for Workforce Innovation has conducted an extensive review of the expenditures for the Job Training Partnership Act and our associated accounting records. It is our determination that the closeout expenditures reported and the Financial Status Reports (FSRs) submitted were supported by the State accounting records. Our review does not agree with the conclusion reached by the independent accountants, that total expenditures reported on the closeout were $22.6 million greater than previously reported on our FSRs. Their view may have resulted from information that did not include the totality of financial transactions. Our comparison of FSRs and the final closeout found that the expenditures reported in the closeout exceeded the FSRs by $2,167,984. Most of this difference ($1,523,375) relates to payments to USDOL to satisfy two audit settlement agreements, which were made after the final FSR was filed. Another $415,288 is due to a refund posted in JTPA Title IIIF revenue rather than expense. We believe the remainder relates to rebates or adjustments, which either occurred subsequent to the closeout or were incorrectly recorded in the State's records. We have reached this conclusion after an exhaustive search and review of all FSRs and related entries into the State's accounting system (Please see **Attachment I** for our summary).

We attempted to determine the methodology and exact information used by Navarro & Associates in this review. From our conversations with them, we were able to determine that they compared the FLAIR general ledger trial balance to the certification of expenditures and the FSR's. However, the Agency used the FLAIR contracts and grants subsidiary schedule of allotment balance reports for FSR preparation. The use of two different source documenters has led to separate and distinct conclusions. We do note that there were transaction-processing issues with certain FLAIR codes that precluded the timely update of both the general ledger and the contracts and grants (C&G) subsidiary ledger. Transactions posted to the C&G subsidiary ledger may not have been posted to the general ledger master file. Therefore, the general ledger does not agree with the contracts and grants subsidiary ledger. Herein lie the different sources used to document the FSR's. Total JTPA expenditures reported on the FLAIR general ledger agrees with the total expenditures reported on the Contract & Grants Subsystem, however, the individual grants on the general ledger may not reflect all necessary adjustments. The Agency is aware of the issue and is eliminating the use of FLAIR transaction processes that would result in one-sided entries. Currently, only transaction codes and processes are used which properly record grant related expenditures to both the Agency's general ledger and subsidiary ledger. The Agency is in the process of reconciling the general ledger to the contracts and grants subsidiary ledger and will adjust the FSRs accordingly.

The *Summary of Findings* also makes other statements to which we address the following comments:

- The $7,918,469 reported in the closeout as PY 99 JTPA Youth expenditures were initially reported under WIA since the State of Florida was an early implementation State. However, after discussions with DOL Regional Office in Atlanta, Ga., it was agreed the expenditures for the PY 99 IIB/IIC programs, which were incurred prior to July 1, 1999, should be recorded under the JTPA program and the remainder converted to WIA commencing July 1, 1999. The PY 99 IIB/IIC expenditures were reported on SF-269 rather than the on-line system, (which was having difficulty at the time) at the request of the Regional Office. The draft evaluation report incorrectly identifies these expenditures as being an increase over previously reported expenditures.

- The original certification letter submitted to U.S. Department of Labor (DOL) indicated $8,506,195 in JTPA funding for PY 1998 II and III funding would be converted to WIA and reported as such. The final closeout letter of June 27, 2002 reduces that amount to $6,982,953 to account for the offsets allowed by DOL. A corresponding reduction to the PY 1998 WIA obligations and increase in JTPA expenditures for the PY 98 II/III programs was completed.

- All JTPA funds have been accounted for in the closeout and official State accounting records as indicated in the previous responses. There are no official "Transfer" accounts recorded in FLAIR associated either with JTPA or WIA programs.

Procedures and Findings

The following are additional responses to issues discussed in the Procedures and Findings Section which we believe affect any conclusions regarding evaluation of our official records, financial status reports, submitted closeouts and comparisons of same:

1. Some of the information contained in the table, on page 4 of the report, associated with Issue #1, is inaccurate. The FY 97 IIB grant with obligations of $37,105,802 was included in the table. However, this grant was previously closed out during the PY 1994, PY 1995, and PY 1996 closeout process. The FY 97 IIB grant was actually accounted for in PY 1996. Additionally, the item identified as PY 99 Adult ($78,980,707) in the table on page 4 was actually a combination of PY 1999 Adult and PY 1999 Dislocated Worker programs.

2. The complete closeout package for the State was not submitted in a timely manner. The final financial reports were submitted within the time requirements; however, the Property Inventory and required certifications (obligations, refunds, rebates, etc.) were not. Those certifications were submitted with the June 26, 2002 closeout package.

3. The following are comments relating to the information presented in Finding #3:

- The expenditures as reported on the closeout are supported by the State's accounting records. The PY 97 II/III expenditures as reported on the closeout are $805 greater than those recorded in the official state accounting records. The expenditures reported for the PY 1998 closeout were $110,000 in excess of those recorded in the State's accounting records. Each of these may be the result of rebates or adjustments, which either occurred subsequent to the closeout or were incorrectly recorded in the State's records.

- The transfers discussed under issue #3, which are presented in the table on page 5 of the report incorrectly identify a transfer between FY 97 IIB and PY 97 II/III. The FY 97 grant was received during PY 96 and the expenditures were recorded for that program year. The actual transfer ($7,206,695) took place between FY 97 IIB and PY 96 IIC. Therefore, the comparisons made in the table between computed, transfers and net to the closeout are inaccurate.

- The transfers shown in the table on page 5 between FY 98 IIB and PY 98 II/III ($4,765,305) are also presented incorrectly. The FY 98 IIB funds were received during PY 97 and the transfer actually took place between FY 98 IIB and PY 97 II/III. Incorrectly correlating the four (4) transfers to the incorrect program years would make it impossible to accurately determine the accuracy of expenditures reported. The $4,765,305 transfer should be included in the calculations for PY 97 and not PY 98.

- The $7,918,469 reported in the closeout as PY 99 JTPA Youth expenditures were initially reported under WIA since the State of Florida was an early implementation State. However, after discussions with the USDOL Regional Office in Atlanta, Ga., it was agreed the expenditures for the PY 99 IIB/IIC programs, which were incurred prior to July 1, 1999, should be recorded under the JTPA program and the remainder converted to WIA commencing July 1, 1999. The PY 99 IIB/IIC expenditures were reported on the SF-269 rather than the on-line system (which was having difficulty at the time) at the request of the Regional Office. The evaluation incorrectly identifies these expenditures as being an increase over previously reported expenditures.

- The PY 99 IIID grant ($2,213,062) at the bottom of the table on Page 5, associated with Issue #3, should be excluded from this closeout. This grant, a National Governors Reserve Grant, has its own closeout timetable scheduled for September 2002. Quarterly Financial Status Reports had been submitted routinely until the final report was submitted

4. The following are our comments concerning the issues identified in Finding #4:

- As previously discussed in this response, transfers in PY 97, FY 97, PY 98 and FY 98 were intermingled in error. FY 97 IIB should have been associated with PY 96 II/III; FY 98 IIB should have been associated with PY 97 II/III.

- FLAIR records for the PY 96 IIA/IIC and FY 97 IIB grants show a difference of $3,048 over the closeout reported previously (PY 96/FY 97). This difference may be due to accounting entry corrections, refunds, or expenditure transfers from one PY to another to ensure first – in, first –out use of funding.

- The PY 97/FY 98 closeout expenditures reported were within $805 of those expenditures recorded in FLAIR. As previously explained, the underlying reason for the disparity between our findings and what is cited in the auditors' report relate to the incorrect application if inter-title transfers in the evaluation. In addition, there were five (5) state accounting grants, which may have been overlooked by the review team: (A8397, A8329, A8319, A8399 and A8309).

- The PY 98 JTPA expenditures per FLAIR were $110,000 less than those reported in the closeout package. As stated above, this may be due to adjusting entries or refunds posted to the incorrect grant. This may result in an increase to the JTPA converted to WIA funding and a corresponding decrease in closeout expenditures. Once again, the major disparity in the Evaluation figures and those reported by the State involve the application of transfers from IIB to IIC programs.

- The $7,918,469 reported as (over) closeout was reported to the USDOL on SF-269 and represents the expenditures recorded during the April 1, 1999 through June 30, 1999 period. These expenditures were originally reported as converted to WIA, however, subsequent discussions with the Regional Office indicated they should have been reported under the JTPA program. The appropriate corrections were made to the WIA Financial Summary Report and the expenditures for the PY 99 Youth JTPA program were submitted by SF-269 as directed.

- The $29,899,107 in expenditures reported for PY97 IIB on the FSR does not include those reported under the PY 96 IIC grant to which the transfer of $7,206,695 occurred. The additional expenditures reported under that grant bring total expenditures to $89,385,675 as reported on the PY 1994, 1995 and 1996 closeout certification.

- The expenditures reported on the FSRs for PY 97/FY 98 are $126,275,102 or $53,214 more than the $126,221,888 recorded in the State's official accounting records. This is significantly less than the $2,609,875 reported in the evaluation. This discrepancy may be due to the review of incorrect FLAIR records. Revised FSRs may be submitted to account for the differences to ensure first-in, first-out use of the funding available.

- The FSR expenditures reported for PY98 were $76,315,514 rather than the $71,914,629 reported in the evaluation. The adjustment for the $1,523,375 settlement adjustments do not appear to be reflected in those FSRs, nor does a Title IIF refund of $415,288.

- The PY 99 IIID expenditures reported in the evaluation should not be part of this closeout. As stated previously, this is a National Reserve Grant and has its own closeout, which was submitted September 10, 2002. The grant remained active until June 30, 2002. Quarterly Financial Summary Reports were submitted for this grant until the final report was submitted.

- FLAIR records support the $22,080,227 reported under the WIA program. The expenditures for these programs were recorded in the original JTPA state grant rather than independent grants.

- The expenditures for the PY 99 WIA grant are supported by FLAIR. This grant closed June 30, 2002 and the appropriate accounting adjustments were made during the closing. At the time of the review, this grant had several months remaining.

5. We have contacted most of the Regional Workforce Boards that existed during the transition from JTPA to WIA and requested copies of their closeout reports. To date we have received a number of the Regional Workforce Board JTPA closeouts and they are available for review.

6. The Financial Reports were prepared from the Financial Management Tracking System (FMTS) in order to comply with the Federal Mandate that these reports be completed on an accrual basis.

7. The Agency is in the process of reconciling the general ledger to the contracts and grants subsidiary ledger. In addition, changes have been made to eliminate the likelihood of one-sided entries, which will avoid incomplete information. These actions address the issues raised in this finding.

8. Responses to Audit Report Findings

Please see **Attachment II** for a summary status for each of the six prior findings referenced by the auditors.

9. As explained above, a comparison of the State's accounting records with the closeout expenditures disclosed few variances. The total difference for the PY 97 funding year was $805 and for the PY 98 funding year, $110,000. These issues will still require the necessary accounting record and reporting adjustments, but are significantly less than the $22.6 million in variances reported in the JTPA Evaluation Report.

There were some differences between final FSRs and the closeout expenditures representing $2,167,984. Most of the differences relate to audit settlement agreements and refunds made after the final FSRs.

There are no official "Transfer" accounts associated with either the JTPA or WIA programs.

10. No response required.

11. No response required.

12. No response required.

Attachment I

As Reported on JTPA Closeout Evaluation Prepared by Navarro & Associates

Funding Period	Program	Expenditures per FLAIR	Expenditures per FSRs	Expenditures per Closeout	Closeout (Over) Under FSRs	Closeout (Over) Under FLAIR	FSRs (Over) Under FLAIR
PY 97	JTPA	37,303,245	29,899,107	37,105,802	(7,206,695)	197,443	7,404,138
PY 97/FY 98	JTPA	123,665,227	126,275,102	126,841,631	566,529	(3,176,404)	(2,609,875)
PY 98	JTPA	77,698,303	71,914,629	78,862,750	(6,948,121)	(1,164,447)	5,783,674
PY 99 (IIB / IIC)	JTPA	0	0	7,918,469	(7,918,469)	(7,918,469)	0
Subtotal		238,666,775	228,088,838	250,728,652	22,639,814	(12,061,877)	10,577,937
PY 99 (IIID)	JTPA	2,090,728	2,213,062	0	0	0	(122,334)
Total JTPA		240,757,503	230,301,900	250,728,652	22,639,814	(12,061,877)	10,455,603

Actual as Prepared by the Agency for Workforce Innovation

Funding Period	Program	Expenditures per FLAIR	Expenditures per FSRs	Expenditures per Closeout	Closeout (Over) Under FSRs	Closeout (Over) Under FLAIR	FSRs (Over) Under FLAIR
PY 96	JTPA	This grant should not have been part of the JTPA closeout					
PY 97/FY 98	JTPA	126,221,888	126,275,102	126,222,693	52,409	(805)	(53,214)
PY 98	JTPA	78,425,680	76,315,514	78,535,907	(2,220,393)	(110,227)	2,110,166
PY 99 (IIB / IIC)	JTPA	7,918,469	7,918,469	7,918,469	0	0	0
Subtotal		212,566,037	210,509,085	212,677,069	(2,167,984)	(111,032)	2,056,952
PY 99 (IIID)	JTPA	2,281,203	2,281,203	2,281,203	0	0	0
Total JTPA		214,847,240	212,790,288	214,958,272	(2,167,984)	(111,032)	2,056,952
Total FSR vs Closeout				(2,167,984)			
Less Settlement agreements				1,523,375			
Less refund posted as revenue rather than expense				415,288			
Actual Closeout over expenditures				(229,321)			

ATTACHMENT II

Florida Agency for Workforce Innovation
Summary of Prior Audit Findings Affecting JTPA

Report Finding	Status	Comment
A. Single Audits for 1998-99 and 1999-00 Paragraphs 99-102 through 99-105 from the 1998-99 report indicated that the Florida Department of Labor and Employment Security did not always report 1995 and 1996 expenditure data to the USDOL that agreed with the State's accounting system (called FLAIR). Similarly, finding 00-18 from the1999-00 report noted that this condition still persisted. The auditors recommended that the State ensure that the amounts reported to the USDOL be reconciled to FLAIR.	Corrective Action in Progress	External auditors compared the FLAIR (the State's official accounting system) general ledger trial balance the FSR's. However, the Florida Department of Labor and Employment Security used the FLAIR contracts an grants subsidiary schedule of allotment balance reports for FSR preparation. The use of two different source documenters has led to separate and distinct conclusion We do note that there were transaction-processing issue with certain FLAIR codes that precluded the timely update of both the general ledger and the contracts and grants(C&G) subsidiary ledger. Transactions posted to the C&G subsidiary ledger may not have been posted tc the general ledger master file. Therefore, the general ledger did not agree with the contracts and grants subsidiary ledger. Herein lie the different sources used t document the FSR's. Total JTPA expenditures reportec on the FLAIR general ledger agrees with the total expenditures reported on the Contract & Grants Subsystem, however, the individual grants on the gener ledger may not reflect all necessary adjustments. The Agency is aware of the issue and is eliminating the use FLAIR transaction processes that would result in one-sided entries. Currently, only transaction codes and processes are used which properly record grant related expenditures to both the Agency's general ledger and subsidiary ledger. The Agency is in the process of reconciling the general ledger to the contracts and grant subsidiary ledger and will adjust the FSRs accordingly.
B. Single Audit for 1999-00 Finding 00-07 cites the Florida Department of Labor and Employment Security for deficient grant accounting procedures, especially in regards to the Employment Services grant cluster. These deficiencies	Corrective Action in Progress	Reconciliations are continuing in an effort to identify and recover funds to the extent necessary and possible Updated analyses of any variances have been performe at several points. At this time, another review as of tl end of FY01-02 is required to determine final status. Financial Management staff will work with the Grants Manager to reach a final conclusion and make recommendations to management on resolution options

ATTACHMENT II

Florida Agency for Workforce Innovation
Summary of Prior Audit Findings Affecting JTPA

involved inadequate assurances that funds were used to benefit the appropriate program and that expenditures reported to the USDOL agreed with FLAIR, the official accounting record.		This will be completed by March 31, 2003. Steps have been taken by AWI to prevent such a situation in the future. Cash management practices have been improved, and the grant analysis function now assigns appropriate focus to monitoring and reconciling revenue, expenditures and cash position.
C. Single Audit for 1996-97 Paragraphs 17-19 reported that the Florida Department of Labor and Employment Security did not materially comply with cash management provisions.	Corrective Action in Progress	AWI continues to move towards maximum control of the cash draw process, with a goal of total identification of cash needs by grant on a daily basis. Procedures are being implemented for direct-charging and/or immediate allocation of distributed costs to the appropriate grants.
D. Single Audit for 1996-97 Paragraphs 25-30 noted that $6.6 million of equipment and computer system development costs were charged to JTPA and none of the cost had been allocated to or reimbursed by any other programs that may have benefited from its use.	Corrective Action Taken	The only costs identified as specifically benefiting other programs or cost entities was $330,400 spent on computers for the DLES Office of the Secretary and Administrative Services. DLES subsequently reimbursed JTPA for these costs from non-Federal funds.
E. Single Audit for 1998-99 Paragraphs 50-55 cited the Department of Labor and Employment Security for not always allocating salary and benefit costs based on actual effort or in accordance with an approved plan.	Corrective Action Taken	AWI has adopted an automated time and attendance system (called Time Direct) as the method of reporting time and effort to the activity level. Employees report monthly into Time Direct the hours actually spent on the various activities, which correlate directly to grants.

ATTACHMENT II

Florida Agency for Workforce Innovation
Summary of Prior Audit Findings Affecting JTPA

F. Single Audit for 1999-00 The Department of Labor and Employment Security did not prepare the Indirect Cost Rate Proposals for the fiscal years ended June 30, 1999 and June 30, 2000.	Corrective Action Taken	These cost rate proposals were prepared and submitt Approvals have been received from our Federal Cos Negotiator and final adjusting entries have been ma