



Department of Natural Resources

Create an Invasive Species Job Corp ARRA Program Audit

Audit Period: October 1, 2009 to February 1, 2010



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Executive Summary

Background

The American Recovery and Reinvestment Act (ARRA), signed into law on February 17, 2009, include the following statement of purposes:

- To preserve and create jobs and promote economic recovery.
- To assist those most impacted by the recession.
- To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The State of Ohio has applied for over 90 ARRA programs with expected total grant awards to exceed \$8.5 billion during the next two years. These applications have been initiated by 21 state agencies in the form of formula, competitive, and discretionary grants. The grant awards are distributed in the following four spending categories:

- Countercyclical Funds: The two largest components of the State's budget that is exposed during a recession, while state revenues decline, are health care and education. The State has been awarded two formula grants (Medicaid and State Fiscal Stabilization) to assist the State's budget. The State Fiscal Stabilization Fund is primarily for education.
- Appropriated Funds: These grants represent additional funding for existing programs such as transportation, labor, and justice programs which will assist in job creation.
- Safety Net Funds: These grants provide relief for lower-income families in the form of supplemental nutrition assistance, child care, and extension of unemployment benefits.
- Economic Growth Funds: These awards focus on new technologies such as alternative energy, health information technology, broadband, and research initiatives.

To our knowledge, the Ohio Department of Natural Resources (DNR) has applied for one award. This audit focused on the Create an Invasive Species Job Corp ARRA Program which is a competitive grant. As of January 31, 2010, the DNR has disbursed \$1,228,776 of the awarded \$4,419,000 for this program. For the quarter ending December 31, 2009, DNR reported 60.6 jobs funded with ARRA dollars in accordance with OMB guidance issued on December 18, 2009.

This report focused on the control design and operating effectiveness of the Create an Invasive Species Job Corp ARRA program.



Create an Invasive Species Job Corp (Wildland Fire Management CFDA# 10.688) funding is being used for hazardous fuel reduction, forest health protection, rehabilitation and hazard mitigation activities on federal, state and private lands. Employees hired under this program will receive training and experience in areas of forest management, CPR/first aid, herbicide and pesticide application giving them the skills necessary to obtain employment upon completion of the program.

OIA would like to thank DNR staff and management for their cooperation and time in support of this audit. This report is intended for the information and use of DNR management and the State Audit Committee.



Scope and Objectives

OIA staff was engaged to perform assurance work related to the Create an Invasive Species ARRA Program. This work was completed between October 1, 2009 and February 1, 2010. The scope of this audit included the following areas:

- Program planning
 - Program risk assessment; and
 - Internal control process documentation
- Program administration and monitoring
 - Program oversight and monitoring
- Reporting
 - Financial reporting; and
 - Non-financial statistical reporting

The following summarizes the objectives of the review along with a conclusion on the effectiveness of management’s internal controls.

Objective	Conclusion ¹
Evaluate the adequacy of DNR’s ARRA program risk assessment and internal control documentation based on guidance provided by State management.	Well-Controlled
Evaluate the design and effectiveness of controls over the timeliness, accuracy, and completeness of ARRA disbursements.	Well-Controlled
Evaluate the design and effectiveness of the controls over the monitoring process for the program.	Well-Controlled
Evaluate the design and effectiveness of controls over complete, accurate, and timely reporting of financial and non-financial information.	Well-Controlled

¹ Refer to [Appendix A](#) for classification of audit objective conclusions.



Summary of Observations and Recommendations

The Summary of Observations and Recommendations includes only those risks which were deemed high or moderate. There were no observations and recommendations identified as a result of this audit.



Appendix – Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Major Improvements Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.
Improvements Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Well-controlled with Improvements Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.