



Department of Job and Family Services ARRA Employment Services Audit

Audit Period: August 10, 2010 to February 15, 2011



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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 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.

The Department of Job and Family Services (JFS) has applied for approximately 17 awards.

This audit will focus on the Employment Service/Wagner-Peyser Grant (CFDA number 17.207), which is a formula and competitive grant. As of December 31, 2010, JFS has disbursed \$15,017,635 of the \$15,017,635 available for this program and reported 92.13 jobs created or retained.



The Employment Service/Wagner-Peyser Grant is awarded to the states by the U.S. Department of Labor, Employment Training Administration, to provide free job search assistance and information services to job seekers and employers. The Wagner-Peyser Act of 1933 established a nationwide system of public employment offices which is known as the Employment Service. Wagner-Peyser was amended by the Workforce Investment Act of 1998, making the Employment Service part of the One-Stop Career Center delivery system. Wagner-Peyser funded activities are an integral part of the One-Stop Career Center delivery system that provides an integrated array of high-quality services so that workers, job seekers, and businesses can access the services needed in easy-to-reach locations, with many services also offered through self-service electronic access.

These services include assessment of skill levels, abilities, and aptitudes, career guidance when appropriate, job search workshops, and referral to jobs or training as appropriate. The services offered to employers, in addition to referral of job seekers to job openings, include matching job requirements with job seeker experience, skills and other attributes, helping with special recruitment needs, assisting employers analyze hard-to-fill job orders, assisting with job restructuring and helping employers deal with layoffs.

OIA would like to thank JFS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.



Scope and Objectives

OIA staff was engaged to perform assurance work related to the Employment Services audit. This work was completed between November 29, 2010 and February 15, 2011. The scope of this audit included the following processes and/or areas:

- Program risk assessment
- Disbursement process
 - Expenditure process
 - Cash draw process
- Reporting process
 - 1512 reporting process
 - 1512 financial reporting process (effectiveness)
 - 1512 non-financial reporting process (effectiveness)
 - ETA 9147 monthly reporting (design only)
 - ETA 9002 & VETS 200 quarterly reporting process (design only)
 - ETA 9130 quarterly reporting process (design only)
 - SF272 quarterly reporting process (design only)

Program monitoring was not evaluated since 100% of the funds were disbursed for internal processes. 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 JFS' ARRA program risk assessment and internal control documentation based on guidance provided by State management.	Well-Controlled
Evaluate the design and effectiveness of the controls over the timeliness, accuracy, and completeness of ARRA stimulus disbursements.	Well-Controlled
Evaluate the design and effectiveness of the controls over the timeliness, accuracy, and completeness of the ARRA financial and non-financial reporting.	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 part of this audit.



Appendix A – 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 are operating effectively to manage risks. Control issues may exist, but are minor.