

**DEPARTMENT OF ADMINISTRATIVE SERVICES
WORKFORCE DEVELOPMENT FUND**

FRANKLIN COUNTY

REPORT ON AGREED-UPON PROCEDURES

JULY 1, 1997 THROUGH JUNE 30, 1999

STATE GOVERNMENT REGION

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1-3
Exhibit A: Workforce Development Fund Report	4
Clerk's Certification	



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INDEPENDENT ACCOUNTANTS' REPORT

Workforce Development Committee and
C. Scott Johnson, Director
Department of Administrative Services
For The Workforce Development Fund
30 East Broad Street, 28th Floor
Columbus, Ohio 43215

Pursuant to your request dated October 25, 1999, we have performed the procedures enumerated below, which were agreed to by the Workforce Development Committee and the Department of Administrative Services (DAS) for the period of July 1, 1997 through June 30, 1999. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below. The procedures we performed and associated results are as follows:

1. Steering Committee

We reviewed the goals, guidelines, and operating principles of the Workforce Development Fund (the "Fund") as determined by the Steering Committee established per Article 37.01 (B) of the contract between the State of Ohio and OCSEA/AFSCME, local 11 (the "Contract").

The following exception was noted:

The Contract states in part, "A Steering Committee consisting of eight (8) members shall be established to determine the goals, guidelines and operating principles of the Work Force Development Program". Effective internal controls require policies and procedures be documented to help provide assurance the goals, guidelines and operating principles are consistently communicated and applied to provide management reasonable assurance that specific operational objectives will be achieved. These policies and procedures establish the authorization level for financial and operational transactions to be executed and set the tone for management's commitment to the accomplishment of their goals and professional and statutory requirements.

The Steering Committee has established certain internal controls and practices over its financial system, but has not documented specific policies or procedures which would promote adherence to a consistent method of completing transactions and assist new employees in understanding the Workforce Development Fund's process.

Without documenting the policies and procedures developed by the Steering Committee, there is a risk that the process may not be working in a manner intended by management which increases the risk that financial and operational information provided to the Committee is not accurate.

We recommend the Steering Committee develop and implement goals, guidelines, and operating procedures and establish formal, written policies and procedures relating to the Committee's operational process.

2. Cash Receipts

We examined the employer withholdings to determine if they were properly allocated to the Fund in accordance with Article 37.01 (C) of the Contract.

We reviewed the Fund's asset balance to determine the twelve million (\$12,000,000) dollar limit was not exceeded per Article 37.01 (C) of the Contract.

We confirmed that all interest earnings from the Fund were maintained with the Fund in accordance with House Bill 283.

We found no exceptions as a result of our procedures.

3. Cash Disbursements

Article 37.01 (A) of the Contract provides the Fund's expenditures shall include, but not be limited to, the following:

1. Basic skills development
2. Technical and computer skills training
3. Tuition assistance, reimbursement and vouchers
4. Workplace redesign and technological change
5. Labor-Management relationships and problem solving
6. Agency specific projects

Based on the documentation provided by the Workforce Development Committee and DAS, we haphazardly selected 60 non-payroll expenditure transactions for the period from July 1, 1997 through June 30, 1999, and compared to supporting documentation and the Central Accounting System.

We found no exceptions as a result of our procedures.

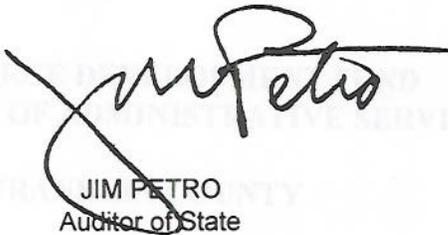
4. Payroll Disbursements

We compared personnel positions paid with Fund monies to those allowable under Article 37 of the Contract.

We found no exceptions as a result of our procedures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Fund's report, which is attached as Exhibit A. Accordingly, we do not express such an opinion or limited assurance on any of the accounts or items referred to above. Also, we express no opinion on the Workforce Development Committee and DAS internal control system over financial reporting or any part thereof. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

On January 14, 2000, we held an exit conference with Peter Coccia, Finance Administrator and Allyne Beach, OCSEA/AFSCME and discussed the contents of this report. This report is intended for management of the Department of Administrative Services and the Steering Committee of the Fund, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

January 14, 2000

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

by Susan Cebbett

DATE FEB 17 2000



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WORKFORCE DEVELOPMENT FUND
DEPARTMENT OF ADMINISTRATIVE SERVICES

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Susan Babbitt

Date: FEB 17 2000