



Dave Yost • Auditor of State

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street, Suite 201
Columbus, Ohio 43205

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Central Ohio Workforce Investment Corporation, Franklin County, Ohio (the Corporation), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the Central Ohio Workforce Investment Corporation, Franklin County, Ohio, as of June 30, 2014, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

We audited to opine on the Corporation's financial statements that collectively comprise its basic financial statements.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2014**

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,113,941
<i>Total Assets</i>	<u>\$ 1,113,941</u>
Net Position	
Restricted for:	
Workforce Services	\$ 1,093,102
Unrestricted	<u>20,839</u>
<i>Total Net Position</i>	<u>\$ 1,113,941</u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

	Cash Disbursements	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
			Governmental Activities
Governmental Activities			
Administration	\$ 272,581	\$ -	\$ (272,581)
Adult Services	2,131,125	2,105,596	(25,529)
Disability Navigator	-	4	4
Dislocated Worker Services	590,935	1,477,330	886,395
National Emergency Grant Services	102,180	48,481	(53,699)
Ohio Works Incentive Program	220,705	262,738	42,033
One Stop Services	268,603	161,488	(107,115)
Rapid Response Services	1,012,969	171,847	(841,122)
Summer Youth Works	1,659,721	1,658,174	(1,547)
Youth Services - In School	220,234	323,967	103,733
Youth Services - Out of School	441,635	756,918	315,283
Payroll and Benefits	3,038,677	3,011,326	(27,351)
Other Expenses	37,214	-	(37,214)
	\$9,996,579	\$9,977,869	(18,710)
General Receipts			
Unrestricted Contributions			56,000
<i>Total General Receipts</i>			56,000
Change in Net Position			37,290
<i>Net Position Beginning of Year</i>			1,076,651
<i>Net Position End of Year</i>			\$1,113,941

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
JUNE 30, 2014**

	<u>Special Revenue</u>
Assets	
Cash	\$ 1,113,941
<i>Total Assets</i>	<u>\$ 1,113,941</u>
Fund Balances	
Restricted	
Reported in:	
Special Revenue Fund	\$ 1,093,102
Assigned	20,839
<i>Total Fund Balances</i>	<u>\$ 1,113,941</u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

		Special Revenue
Receipts		
WIA Allocations	\$	7,245,733
Intergovernmental Receipts		2,536,282
One Stop Contributions		189,721
Contributions		56,000
<i>Total Receipts</i>		10,027,736
 Disbursements		
Administration		266,448
Adult Services		2,131,125
Ohio Works Incentive Program		220,705
Dislocated Worker Services		590,935
National Emergency Grant Services		102,180
One Stop Services		268,603
Rapid Response Services		1,012,969
Summer Youth Works		1,659,721
Youth Services - In School		220,234
Youth Services - Out of School		441,635
Payroll and Benefits		3,038,677
Other Expenses		37,214
<i>Total Disbursements</i>		9,990,446
 <i>Net Change in Fund Balance</i>		37,290
 <i>Fund Balance Beginning of Year</i>		1,076,651
 <i>Fund Balance End of Year</i>	\$	1,113,941

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note 1 – Reporting Entity

Central Ohio Workforce Investment Corporation (the Corporation) was established in 2004 as a 501(c) not-for-profit organization. This not-for-profit is eligible to receive and administer funds granted by the Governor of the State of Ohio under the Workforce Investment Act (WIA) of 1998. The Corporation is known as the Local Workforce Board for Area 11 within the State and represents the City of Columbus and Franklin County, Ohio.

WIA funding is allocated to the State of Ohio by the United States Department of Labor based on a statutory formula. The State then allocates funding to Local Workforce Boards through the Ohio Department of Jobs and Family Services based on a formula. As the grant administrator, the Corporation is responsible for all federal compliance requirements applicable to the WIA program. The Corporation may pass funding through to another entity to administer the grant (sub-recipients).

The Corporation carries out the purpose of the WIA by assessing workforce needs, developing strategies, plans, programs, and resources to provide employment, training, and education, and related services to the citizens of the local area; and to provide oversight and evaluation of such efforts. The purpose of WIA is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

For financial reporting purposes, all departments and operations over which the Corporation exercises financial accountability are included in the reporting entity.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

The following are the more significant of the Corporation's accounting policies.

A. Basis of Presentation

The Corporation's basic financial statements consist of government-wide financial statements, including a Statement of Net Position– Cash Basis and a Statement of Activities – Cash Basis, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the Corporation as a whole. These statements include the financial activities of the primary government. All activities of the Corporation are governmental activities. Governmental activities generally are financed through intergovernmental receipts or other non-exchange transactions.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

The Statement of Net Position – Cash Basis presents the cash balance of the governmental activities of the Corporation at fiscal year end. The Statement of Activities – Cash Basis compares disbursements and program receipts for each program or function of the Corporation’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Corporation is responsible. Program receipts include grants and contributions that are restricted to meeting the operational requirements of a particular program. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from general receipts.

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The focus of governmental fund financial statements is on major funds.

B. Fund Accounting

The Corporation uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The only fund of the Corporation is a governmental fund.

Governmental Funds

Governmental funds are those through which most governmental functions of the Corporation are financed. The following is the only governmental fund:

Special Revenue Fund – This fund accounts for proceeds from specific sources that are restricted to expenditure for specific purposes.

C. Basis of Accounting

The Corporation’s financial statements are prepared using the cash basis of accounting. Receipts are recorded in the financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

The Corporation's annual budget is primarily a management tool that assists its users in analyzing and tracking financial activity. Because of the Corporation's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Board of Directors formally approves the annual budget. Emphasis is placed on complying with grant budgets and the terms and conditions specific to each grant.

These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

The main funding sources for the audit period were federal, state, and local grants which have grant periods that may or may not coincide with the Corporation's fiscal year. These grants are normally for a twenty-four month period but can be for shorter or longer terms. Although the annual budget is reviewed and approved by the Board of Directors, it is not a legally binding budget.

E. Cash

All cash received by the Corporation is deposited into a non-interest bearing checking account.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are imposed by grantors and laws of other governments. The Corporation's net position is restricted for Workforce Services.

G. Inventory and Prepaid Items

The Corporation reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Employer Contributions to Cost-Sharing Pension Plans

The Corporation recognizes the disbursement for employer contributions to Social Security and Medicare when they are paid. As described in Note 5, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither a financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid. The Corporation has not entered into any long-term obligations or capital leases as of June 30, 2014.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Net Position

Net position is reported as restricted when there are limitations imposed on the use either through grantors or laws or regulations of other governments. The Corporation's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Board.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

Note 3 – Deposits

Monies held by the Corporation are placed into a non-interest bearing checking account. The Corporation has no investments.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk. At year end, the carrying amount of the Corporation's deposits was \$1,113,941 and the bank balance was \$1,775,338. Of the District's bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation and the remaining \$1,525,338 was exposed to custodial risk because these deposits were uninsured and collateralized with securities held by the pledging financial institution.

Note 4 – Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the Corporation contracted with Philadelphia Insurance Companies for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
Commercial Property	\$500	\$750,000
Auto Liability	2,000	1,000,000
General Liability	0	2,000,000
Umbrella Liability	10,000	5,000,000
Public Officials Liability	10,000	5,000,000
Employee Dishonesty	500	10,000
Boiler and Machinery	1,000	500,000

There has been no material change in coverage from the prior year and there have been no settled claims for commercial coverage in any of the past three years.

Note 5 – Postemployment Benefits

Corporation employees contribute to Social Security and Medicare. The plans provide for retirement, healthcare and prescription drug benefits including survivor and disability benefits to participants. Each employee contributes 6.2% and 1.45% of their gross pay to Social Security and Medicare, respectively. The Corporation matches this contribution by contributing an additional 6.2% and 1.45%. The Corporation has contributed 100% of their required Social Security and Medicare payments.

Note 6 – Leases

The Corporation leases a building from the City of Columbus for office space. The Corporation disbursed \$742,994 to pay lease costs for the year ended June 30, 2014. Future lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	746,896
2016	746,896
Total	<u>\$ 1,493,792</u>

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Corporation are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 8 – Related Party Transactions

<u>Company</u>	<u>Board Member</u>	<u>Amount</u>	<u>Service</u>
City of Columbus	Dan Williamson	\$742,994	Facility Rent
IMPACT Community Action	Robert Chilton	\$53,738	Program Services
Columbus State Community College	Nancy Case	\$3,948	Program Services
Columbus Chamber of Commerce	Michael Dalby	\$2,350	Membership Services
Franklin County Department of Job & Family Services	Anthony Trotman	\$179,617	Program Services

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF LABOR			
Passed Through Ohio Department of Jobs and Family Services			
Workforce Investment Act (WIA) Cluster			
Adult Administration - PY12	JFSFAF12	17.258	\$ 2
Adult Administration - FY13	JFSFAP13	17.258	85,843
Adult Administration - PY13	JFSFAF13	17.258	4,665
Adult Administration - FY14	JFSFAF14	17.258	205,453
Adult Program - FY13	JFSFAF12	17.258	1,032,488
Adult Program - PY13	JFSFAP13	17.258	41,986
Adult Program - FY14	JFSFAF13	17.258	1,088,911
Program Income	JFSOLOCL11	17.258	29,109
OMJ Branding	UNKN	17.258	15,000
Disability Evaluation Initiative	JFSCWDEI	17.258	173
State Special Projects - SFY14	JFSFSW10	17.258	702,160
Total for Adult Program and Administration			<u>3,205,790</u>
Youth Administration - PY12	JFSFYP12	17.259	51,728
Youth Administration - PY13	JFSFPY13	12.259	185,058
Youth Program - PY12	JFSFYP11	17.259	1,010,274
Youth Program - PY13	JFSFYP12	17.259	74,280
Total for Youth Program and Administration			<u>1,321,340</u>
Dislocated Worker Administration - FY13	JFSFDF13	17.278	64,602
Dislocated Worker Administration - PY13	JFSFDP13	17.278	13,347
Dislocated Worker Administration - FY14	JFSFDF14	17.278	131,021
Dislocated Worker Program - PY13- under Adult	JFSFDP12	17.278	74,558
Dislocated Worker Program - PY13	JFSFDF12	17.278	45,464
Dislocated Worker Program - FY13	JFSFDF13	17.278	771,590
Dislocated Worker Program - FY13- under Adult	JFSFDF13	17.278	48,341
Dislocated Worker Program - FY14	JFSFDF13	17.278	166,388
Rapid Response - SFY14/FY12	JFSFDF12	17.278	600,000
Rapid Response - SFY14/FY13	JFSFDF13	17.278	500,000
Rapid Response - SFY14/FY14	JFSCWRR4	17.278	68,413
Total for Dislocated Worker Program and Administration			<u>2,483,724</u>
Total Workforce Investment Act (WIA) Cluster			7,010,854
One Stop Resource Sharing - Wagner Peyser	JFSFES11	17.207	127,485
One Stop Resource Sharing - DVOP	JFSFVD12	17.801	74,481
Total for One Stop Resource Sharing			<u>201,966</u>
National Emergency Grant-27 NEG/DW Training	JFSFND13	17.277	119,141
TOTAL U.S. DEPARTMENT OF LABOR			<u>7,331,961</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Jobs and Family Services			
Food Assistance Education and Training	25-13-5000	10.561	22,547
TOTAL US DEPARTMENT OF AGRICULTURE			<u>22,547</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Jobs and Family Services and Passed Through Franklin County Job and Family Services			
Temporary Assistance for Needy Families	20-1175160	93.558	1,330,518
Temporary Assistance for Needy Families - OWF MOU	JFSFW903	93.558	150,000
Temporary Assistance for Needy Families - OWF MOU	JFSFW899	93.558	276,817
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,757,335</u>
Total			<u>\$ 9,111,843</u>

The accompanying notes are an integral part of this schedule.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Central Ohio Workforce Investment Corporation's (the Corporation's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

The Corporation passes certain federal awards received from the Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the Corporation records expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Corporation has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The total amount of Federal assistance provided to subrecipients by the Corporation for each Federal program is summarized below:

Program Title	CFDA #	Amounts Provided to Subrecipients
Workforce Investment Act – Adult Program	17.258	\$842,202
Youth Employment Project – TANF	93.558	533,986
Workforce Investment Act – Youth Program	17.259	396,867
Workforce Investment Act – Dislocated Worker Program	17.278	177,008
Workforce Investment Act – Rapid Response	17.278	409,023



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street, Suite 201
Columbus, Ohio 43205

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Central Ohio Workforce Investment Corporation, Franklin County, Ohio, (the Corporation) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated March 23, 2015, wherein we noted the Corporation uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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www.auditor.state.oh.us

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street, Suite 201
Columbus, Ohio 43205

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Central Ohio Workforce Investment Corporation's (the Corporation) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Central Ohio Workforce Investment Corporation's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Corporation's major federal programs.

Management's Responsibility

The Corporation's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Corporation's compliance for each of the Corporation's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Corporation's major programs. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Central Ohio Workforce Investment Corporation complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

The Corporation's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Corporation's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2014-001.

The Corporation's response to the internal control over compliance finding we identified is described in the accompanying corrective action plan. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2015

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	- Workforce Investment Act Cluster, CFDA # 17.258, 17.259, 17.278 - Temporary Assistance for Needy Families, CFDA # 93.558
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Allowable Costs/Cost Principles - Individual Training Account Approvals – Significant Deficiency

Finding Number	2014-001
CFDA Title and Number	Workforce Investment Act Cluster – CFDA# 17.258, 17.259, 17.278
Federal Award Years	2013 & 2014
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Jobs and Family Services

Per the Corporation's WIA Scholarship Policy, the career facilitator must make a determination that the client needs training and must make an assessment that the desired training is appropriate. This is done by completing and approving the Individual Training Account (ITA) Agreements. Additionally, the Corporation is certifying that they have reviewed the agreement and explained any questions the customer may have as well as certifying that the customer is prepared to undertake the training program through this agreement.

The Corporation could not provide evidence of an approved ITA Agreement for 2.5% of Agreements tested. However, all expenditures tested were determined to be allowable costs for the respective grant.

Failure to approve ITA Agreements results in a lack of the customer's understanding of the training program, documented determination of proper approval, and the customer's overall readiness for the program.

We recommend the Corporation ensure ITA Agreements are approved by the Training Manager and ITA Committee prior to incurring the obligation for training services, in accordance with the Corporation's policies.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	<p>Upon review of the unsigned Individual Training Account Agreement in the participant file it was determined that the document could not have been used for the purpose of the ITA eventually approved. The signed original ITA Agreement would have been given to the Case Advisor to be placed into the case file after approval. Apparently, that document has been misplaced.</p> <p>The current COWIC policies and processes require a completed and signed agreement be presented prior to an Individual Training Account voucher being issued to the training provider which would then allow participant enrollment. This signed and properly approved document was located in Fiscal Services as support, per policy, for the disbursement of the payment to the provider.</p> <p>The following steps will be implemented effective immediately to mitigate misplaced Individual Training Account agreement documents:</p> <ul style="list-style-type: none"> A. Upon completion of the approval process, a copy of the ITA voucher and the ITA agreement signature page will be submitted to Fiscal Dept. B. Administrative assistant will take all completed and signed documents and place it into the case file which is kept in the file room. C. The file room staff will sign a receipt form indicating the documents were received and placed into the case file for each customer. 	3/18/2015	Jose Feliciano, Director, Workforce Innovations

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CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION

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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 9, 2015**