

**GOVERNOR'S EMPLOYMENT
AND TRAINING DEPARTMENT
RICHMOND, VIRGINIA**

**REPORT ON AUDIT
FOR THE PERIOD JULY 1, 1999
THROUGH NOVEMBER 21, 2000**



AUDIT SUMMARY

Our audit of the Governor's Employment and Training Department for the period July 1, 1999, through November 21, 2000, found:

- proper recording and reporting of transactions, in all material respect, in the Commonwealth Accounting and Reporting System;
- no material weakness in internal control and its operation; and
- no instances of noncompliance that are required to be reported.

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November 21, 2000

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Governor's Employment and Training Department** for the period July 1, 1999, through November 21, 2000. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objective, Scope, and Methodology

Our audit's primary objectives were to evaluate the accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Department's internal control, test compliance with applicable laws and regulations, and review the Department's close out of the Job Training Partnership Act federal program.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Department's operations. We also tested transactions and performed such other auditing procedures as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Revenues and Cash Payments
Expenditures
Federal Contract Management and Close Out Procedures

We obtained an understanding of the relevant internal control components sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Department's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

The Department's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

Audit Conclusions

We found that the Department properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The Department closed out the Job Training Partnership Act (JTPA) federal program in accordance with instructions issued by the U.S. Department of Labor.

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on November 21, 2000.

AUDITOR OF PUBLIC ACCOUNTS

JMS:whb
whb:19

AGENCY INFORMATION

The Governor's Employment and Training Department provided administration and oversight for the federal Job Training Partnership Act (JTPA). This Act provided job training services for economically disadvantaged adults, youth, dislocated workers, and others who faced significant employment barriers. The Department also provided staff support to the Governor's Job Training Coordinating Council. In this role, the Department sought to improve coordination of employment, training, and related services, and researched policy issues. Additionally, the Department administered the Commonwealth's Senior Community Service Employment Program funded under Title V of the Older Americans Act and a statewide Older Worker grant funded through the National Council on the Aging.

During fiscal year 2000, the Department received federal revenues totaling \$51,439,959. The Department also received Senior Community Service Employment Program funding and transferred this to local area agencies on aging.

On July 1, 2000, the Workforce Investment Act of 1998 replaced the Job Training Partnership Act. The Virginia Employment Commission became the lead agency in administering Workforce Investment Act programs including job training of dislocated workers and welfare recipients. The Senior Community Service Employment Program was transferred to the Department for the Aging. On November 21, 2000, the Governor's Employment and Training Department was discontinued.

