

**TO: Workforce Investment Board**

**DATE: 11/12/09**

**FROM: WIB Staff**

For Action

For Information

For Discussion

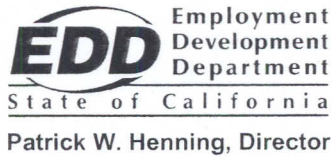
**SUBJECT: Employment Development Department Fiscal and Procurement Review and Final Report**

**PROPOSED MOTION(S): For information only.**

**DISCUSSION: The Merced County Department of Workforce Investment's Fiscal and Procurement Review Final Monitoring Report for Program Year 2008-09 has been received. The review was conducted by Ms. Carol Hammond from August 17-20, 2009. Focus was in the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single adult and audit procedures for subrecipients, and written internal management procedures. The purpose of the review was to determine the level of compliance by Merced County Department of Workforce Investment (WI) with applicable federal and state laws.**

**The Employment Development Department (EDD) concluded that overall WI is meeting applicable WIA requirements concerning fiscal management. The EDD's report contained no findings or concerns; therefore, this is the final report.**

**ATTACHMENT(S):  
EDD Letter**



cc: Jeanne  
Brian  
Jackie



Arnold Schwarzenegger  
Governor

November 2, 2009  
22M:377:ch: 9110:9111

Ms. Andrea T. Baker, Director  
Merced County Department of Workforce Investment  
1880 West Wardrobe Ave.  
Merced, CA 95340

Dear Ms. Baker:

WORKFORCE INVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Merced County Department of Workforce Investment's (MCDWI) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Carol Hammond from August 17 through August 20, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by MCDWI with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of MCDWI, a review of applicable policies and procedures, and a review of documentation retained by MCDWI for a sample of expenditures and procurements for PY 2008-09.

**BACKGROUND**

The MCDWI was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, MCDWI was allocated: \$1,648,103 to serve 252 adult participants; \$1,760,318 to serve 180 youth participants; and \$1,380,143 to serve 138 dislocated worker participants.

For the quarter ending June 30, 2009, MCDWI reported the following expenditures and enrollments for its WIA programs: \$1,034,471 to serve 241 adult participants; \$686,353 to serve 210 youth participants; and \$1,125,145 to serve 137 dislocated worker participants.

**FISCAL REVIEW RESULTS**

We conclude that, overall, MCDWI is meeting applicable WIA requirements concerning financial management.

**PROCUREMENT REVIEW RESULTS**

We conclude that, overall, MCDWI is meeting applicable WIA requirements concerning procurement.

This report contains no findings or concerns; therefore, we are issuing this report as the final report.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review.

It is MCDWI's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, federal and state regulations, and applicable state directives. Consequently, any deficiencies identified in subsequent reviews, such as an audit, would remain MCDWI's responsibility.

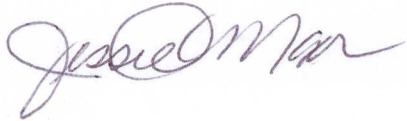
Ms. Andrea Baker

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November 2, 2009

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Greg Gibson, MIC 50  
Jose Luis Marquez, MIC 50  
Daniel Patterson, MIC 45  
Roger Schmitt