September 15, 2010

Ms. Cynthia Lorenzo, Director
Agency for Workforce Innovation
Suite 212, Caldwell Building
107 East Madison Street
Tallahassee, Florida 32399-4120

Dear Director Lorenzo:

As required by Section 20.055(5)(g), Florida Statutes, we have prepared the attached status of corrective actions, as of September 15, 2010, taken by the Agency for Workforce Innovation for findings and recommendations relating to the Agency contained in Auditor General Audit Report No. 2010-165, State of Florida, Compliance and Internal Controls over Financial Reporting and Federal Awards, issued on March 26, 2010. This report covered financial statement and Federal awards issues within the Agency for Workforce Innovation for the fiscal year ending June 30, 2009.

In accordance with Section 20.055(5)(g), Florida Statutes, I am also copying the Joint Legislative Auditing Committee. If you have any questions, please call me at (850) 245-7141.

Sincerely,

James F. Mathews, C.I.G.
Inspector General

JFM/js

cc: Joint Legislative Auditing Committee
Barbara Griffin
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<tr>
<td>Finding # FS 09-007</td>
<td>Administration</td>
<td>FAWI’s accounts receivable account was overstated and the incorrect application of methodologies used to determine allowances for uncollectible accounts related to different categories of accounts receivable. It was recommended that FAWI enhance its supervisory review procedures over the fiscal year-end closing process to ensure that receivable and revenue adjustments are accurate and supported by the information system used to calculate such amounts.</td>
<td>FAWI enhanced its supervisory review procedures over the fiscal year-end closing process to ensure that receivable and revenue adjustments are accurate and supported by the information system used to calculate such amounts. Forms were revised to document the review. Additional resources were allocated to assist with financial statement preparation, and this back-up allows for a more thorough review of year-end closing processes. In addition, FAWI and Florida Department of Revenue (DOR) staff concentrated on defining specifications for the &quot;Statement of Aged Accounts&quot; report. This report is necessary for fully supported accrual entries and was assigned a high priority level so it was available by the closing of the 2009-10 fiscal year allowing resolution to the items noted within this finding. A position to assist with accounting and financial statement preparation has been filled. The special reports requests were completed by DOR, and the reports, including the aged receivables report, went into production in June 2010. They were used during FAWI's 2009-10 fiscal year-end closing process. This audit finding has been fully addressed.</td>
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<tr>
<td>Finding # FS 09-008</td>
<td>Administration</td>
<td>FAWI’s accounts payable and accrued liabilities account was misstated as a result of the procedures used to identify, estimate, and record the accrued balances. Additionally, FAWI’s procedures did not require the recording of a Due from Federal Government (receivable) to represent its claim on the federal resources needed to fund the Federally-funded portion of the benefit payments. It was recommended that FAWI enhance its fiscal year-end closing procedures to ensure that they contain adequate guidance relative to the identification, estimation, and recording of accounts payable and accrued liabilities, including any related amounts due from the Federal government. It was also recommended that appropriate supervisory review procedures be established for fiscal year-end closing procedures for these accounts.</td>
<td>FAWI enhanced its fiscal year-end closing procedures to ensure that the procedures contain adequate guidance relative to the identification, estimation, and recording of accounts payable and accrued liabilities, including any related amounts due from the Federal government. Supervisory review procedures were enhanced for fiscal year-end closing procedures for these accounts, and forms were revised to document the review. Additional resources were allocated to assist with financial statement preparation to allow for a more thorough review of year-end closing processes. Working within guidelines and timeframes established by the Florida Department of Financial Services (DFS) Statewide Financial Reporting Section, FAWI’s financial staff made efforts to develop a greater awareness/anticipation of possible needs for enhanced financial statement reporting measures to appropriately reflect a changing and expanding program. Identification of payables and amounts due from the Federal government were determined in time for entry into year-end accounting totals. Revised year-end procedures specify additional steps to ensure completeness of records as well as the requirement for additional supervisory</td>
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# 6-Month Status Report
Federal Awards Audit Report No 2010-165
Florida Agency for Workforce Innovation (FAWI)
September 2010

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<td>Finding # FA 09-010</td>
<td>Workforce Services</td>
<td>FAWI had not conducted monitoring of the security controls for the vendor-owned Employ Florida Marketplace (EFM) System. It was recommended that FAWI monitor EFM System security controls.</td>
<td>review. They were used during the 2009-10 fiscal year-end closing process. This audit finding has been fully addressed.</td>
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<td>Finding # FA 09-012</td>
<td>Unemployment</td>
<td>FAWI did not have procedures in place to retain documentation to evidence the accuracy of the amounts reported on the ETA 2208A (UI-3) report. Additionally, supervisory review of the report did not extend to supporting documentation. To ensure that all applicable data is obtained and used in preparation of the report, it was recommended that FAWI establish procedures requiring that documentation be maintained supporting the analysis and reconciliation of data used to prepare the ETA 2208A (UI-3) report. It was also recommended that the reviewer compare the report against supporting documentation and document his or her review.</td>
<td>Data from People First is extracted independently by both Information Technology (IT) staff and Finance and Accounting (F&amp;A) staff and compared for appropriate content before being sent to the UI-3 preparer in the Unemployment Compensation section. This is a key step in the FAWI cost allocation process and the process could not proceed if this data were not obtained. The reconciled data is sent on to the UI-3 preparer who selects what is needed for the UI-3 report. The e-mail message that transmits the file location of the verified data to the UI-3 preparer was modified to read: “A review of the current time data, which confirms that the time (data) downloaded from People First by both F&amp;A and IT programming staff match, has been completed.” This e-mail transmission serves as documentation of the reconciliation of the time data. The UC section also has a manual, detailing the procedures to follow when preparing the UI-3. FAWI has implemented a procedure that ensures that the reviewer compares the report against supporting documentation and documents the review. This audit finding has been fully addressed.</td>
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<td>Finding # FA 09-013</td>
<td>Unemployment</td>
<td>FAWI did not have adequate supervisory review procedures in place to ensure that the amounts reported on the ETA 2112 report were accurate. It was recommended that FAWI implement a procedure to periodically review the methodology used to prepare the report and ensure that, in accordance with established procedures, a thorough supervisory review is conducted.</td>
<td>The three line items noted in the finding are being processed as follows: The Withholding understatement was corrected by submitting a revised February 2009 ETA 2112 report on December 2, 2009. Confirmation of update of the report by the United States Department of Labor (USDOL) was received on December 3,</td>
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### Finding # FA 09-043
**Program/Area:** Information Technology

**Brief Description:** FAWI did not always ensure that documentation was maintained to demonstrate that program changes made to the One-Stop Service Tracking System (OSST) were appropriately tested prior to being placed into operation and moved to production by someone independent of the program change.

It was recommended that FAWI ensure that OSST program changes are appropriately documented to allow a demonstration that they were tested prior to being placed into operation by someone independent of the program change.

**Comments/Status:**

The FAWI Information Technology unit which supports OSST has developed, documented, and implemented a revised change request process. This process includes Quality Assurance Testing as well as more rigorous User Acceptance Testing (UAT). The procedures now call for customer approval and sign-off on all production changes. In addition, FAWI has recently implemented the Numara Footprints Service Tracking Software. This software has been configured to follow the new procedures thus ensuring appropriate approvals prior to production changes. **This audit finding has been fully addressed.**

### Finding # FA 09-052
**Program/Area:** Administration

**Brief Description:** In some instances, FAWI drew down funds without documenting that the funds were required for immediate cash needs.

FAWI should maintain documentation to support the amount drawn and provide such documentation to supervisory staff or management for review. To demonstrate that internal controls were followed, it was also necessary to keep a record of special draw requests as evidenced by documents sent to the cash management unit. Documentation of the justification and approval should have been provided and filed with the cash requests. **This audit finding has been fully addressed.**
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<td>recommended that the reviewer document his or her review of cash requests.</td>
<td>documentation at the invoice level and documentation of supervisory approval. This audit finding has been fully addressed.</td>
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