

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998**

SUMMARY OF AUDITOR'S RESULTS

1. A qualified opinion dated April 28, 2000 on the financial statements of the Commission for the year ended June 30, 1998 was issued.
2. Reportable conditions that were determined to be material weaknesses in internal control over financial reporting were noted as described below. No reportable conditions that are not considered to be material weaknesses are reported.
3. No instances of noncompliance that were material to the financial statements were noted.
4. No reportable conditions relating to internal control over compliance resulting from the audit of the major federal award programs are reported.
5. An unqualified opinion on compliance for major programs dated April 28, 2000 was issued.
6. An audit finding relative to the major federal award programs is reported on this schedule as required by Section 510(a) of Circular A-133.
7. The major programs of the Department are as follows:

<u>CFDA #</u>	<u>Program</u>
17.207	Employment Services
17.225	Unemployment Insurance
17.245	Trade Adjustment Assistance - Workers
17.246	Employment and Training Assistance – Dislocated Workers
17.250	Job Training Partnership Act
8. The dollar threshold used to distinguish between Type A and Type B programs was \$2,668,346.
9. The Commission was determined not to be a low-risk auditee.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

A. WEAKNESSES IN FINANCIAL MANAGEMENT AND REPORTING

Condition: Our audit disclosed various weaknesses in the area of financial management and record keeping. These weaknesses include:

1. The Commission is not recording journal entries made by the auditors and the fund balances per the general ledger do not agree with the audited financial statements.
2. Journal entries to correct certain prior year balances made by the Commission were recorded in the current year's revenue and expenditure accounts causing the current year's revenues and expenditures to be misstated.
3. The management of and record keeping for the Unemployment Insurance Trust Funds were separate and apart from the management of and record keeping for the other funds that the Commission handles. There were numerous transactions between the funds and there was no reconciliation of the transactions between the insurance trust funds and the other funds. We noted a transfer to the Unemployment Insurance Trust Fund account of \$18,491 which was posted to one set of books in fiscal year 1998 and the other set of books in fiscal year 1999.