



OHIO AUDITOR OF STATE
KEITH FABER



SO CONSORTIUM
SCIOTO COUNTY
JUNE 30, 2023

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

SO Consortium
Scioto County
4057-A Gallia Pike
Franklin Furnace, Ohio 45629

To the Board:

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the cash-basis financial statements of the governmental activities and the major fund of the SO Consortium, Scioto County, Ohio (the Consortium), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the SO Consortium. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

We were unable to obtain sufficient appropriate audit evidence to support the occurrence, completeness and accuracy of the amounts reported in the Statement of Net Position, Statement of Activities, Balance Sheet, or Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balance due to unsupported adjustments and transactions recorded in the accounting records and reported on the financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Consortium's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Supplementary information

Our engagement was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consortium's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are not able to obtain sufficient evidence to provide a basis for an opinion and accordingly we do not opine on the Schedule of Expenditures of Federal Awards.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, on our consideration of the Consortium'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consortium's 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 Consortium's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
March 20, 2025

Area 1 Workforce Development Board

Statement of Net Position (Cash Basis)

As of June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$ 116,016</u></u>
<i>Total Assets</i>	<u><u>\$ 116,016</u></u>
Net Position	
Unrestricted	<u><u>116,016</u></u>
<i>Total Net Position</i>	<u><u>\$ 116,016</u></u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board
Statement of Activities (Cash Basis)
For the Fiscal Year Ended June 30, 2023

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Operating Grants, Contributions and Interest		
Governmental Activities:				
Workforce Development:				
Adult	\$ 1,203,136	\$ 1,203,136	\$	-
Dislocated Worker	785,353	785,353		-
Youth	709,173	709,173		-
Administration	217,976	217,976		-
Opioid Grant	616,303	616,303		-
Ohio Means Jobs Center Resource Sharing	80,155	80,155		-
Special Projects	311,962	311,962		-
GRIT Program	3,442,003	3,442,003		-
SOR Program	-	-		-
Holistic Program	692,191	692,191		-
Employment Recovery	88,594	88,594		-
Business Resource Network	180,015	180,015		-
Reemployment Services and Eligibility Assessment Program	64,054	64,054		-
<i>Total Governmental Activities</i>	<u>\$ 8,390,915</u>	<u>\$ 8,390,915</u>	<u>\$</u>	<u>-</u>
<i>Total General Receipts</i>				
<i>Change in Net Position</i>				
<i>Net Position Beginning of Year</i>				<u>116,016</u>
<i>Net Position End of Year</i>				<u>\$ 116,016</u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board

Balance Sheet (Cash Basis)

As of June 30, 2023

	Workforce Development Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 116,016</u>
<i>Total Assets</i>	<u>\$ 116,016</u>
Fund Balance	
Unrestricted	<u>116,016</u>
<i>Total Fund Balance</i>	<u>\$ 116,016</u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2023

	<u>Workforce Development Fund</u>
Receipts	
Intergovernmental:	
Adult	\$ 1,203,136
Dislocated Worker	785,353
Youth	709,173
Administration	217,976
Opioid Grant	616,303
Ohio Means Jobs Center Resource Sharing	80,155
Special Projects	311,962
GRIT Program	3,442,003
SOR Program	-
Holistic Program	692,191
Employment Recovery	88,594
Business Resource Network	180,015
Reemployment Services and Eligibility Assessment Program	<u>64,054</u>
<i>Total Revenues</i>	<u>8,390,915</u>
Disbursements	
Workforce Development:	
Adult	1,203,136
Dislocated Worker	785,353
Youth	709,173
Administration	217,976
Opioid Grant	616,303
Ohio Means Jobs Center Resource Sharing	80,155
Special Projects	311,962
GRIT Program	3,442,003
SOR Program	-
Holistic Program	692,191
Employment Recovery	88,594
Business Resource Network	180,015
Reemployment Services and Eligibility Assessment Program	<u>64,054</u>
<i>Total Expenditures</i>	<u>8,390,915</u>
Total Change in Fund Balance	-
Fund Balance Beginning of Year	<u>116,016</u>
Fund Balance End of Year	<u>\$ 116,016</u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

Note 1 – Description of the Entity

Description of the Board

The Workforce Innovation and Opportunity Act (WIOA) is a federally funded program that provides employment and job training services to eligible adults, dislocated workers and youth. The United States Department of Labor (DOL) is the federal agency responsible for the program. The Ohio Department of Job and Family Services (ODJFS) is the oversight agency for the State of Ohio.

The SO Consortium (also known as Area 1 Workforce Development Board) (the Board), is designated as a local Workforce Development Area under WIOA 116 and its geopolitical span includes Adams, Brown, Pike and Scioto Counties. The grant recipient is a consortium of elected officials from the counties within the local area. The functions of the consortium are carried out by a Board of Governors, which consists of the Chief Elected Official (CEO) of each participating sub area.

In accordance with WIOA 117, the consortium established a local Workforce Development Board to set policy for the local workforce development system. The local board has no employees. The fiscal agent performs accounting functions for the Board and are employees of the Community Action Organization of Scioto County, Inc. The administrative entity performs administrative functions for the Board and are employees of the Scioto County Career Technical Center.

The grant recipient designated the Community Action Organization of Scioto County, Inc. as the fiscal agent for the local area. The Community Action Organization of Scioto County, Inc. has the responsibility to disburse funds for the local area at the direction of the local Board. Funds flow from the State to the Board and are passed onto the individual counties based on allocations established by the State. The individual counties have responsibility for the administration of the adult, dislocated worker and youth programs for their respective county.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Board consists of all funds, departments, boards, and agencies that are not legally separate from the Board. The Board's financial statements include adult, dislocated worker, youth, employment services (Power), Ohio means jobs, opioid, special projects, GRIT, SOR, flood, RAPID, holistic, employment recovery, Business Resource Network, reemployment services and eligibility assessments, and administrative programs.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organization's governing board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organization's resources; the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt, or the levying of taxes. The Board has no component units.

Management believes the financial statements included in this report represent all of the financial activity of the Board over which the Board is financially accountable.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, 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. Following are the more significant of the Board's accounting policies.

Basis of Presentation

The Board's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the Board.

The statement of net position presents the cash balance of the governmental activities of the Board at yearend. The statement of activities presents a comparison between direct disbursements and receipts for each program or function of the Board's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include grants that are restricted to meeting the operational requirements of a particular program. Receipts which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing.

Fund Financial Statements

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental fund financial statements is on major funds rather than reporting by type. The special revenue fund is presented in a separate column.

Fund Accounting

The Board uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Board utilizes the governmental category of funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Board are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The special revenue fund is the Board's only fund. *Workforce Development Fund* – This fund is the operating fund of the Board and is used to account for all financial resources.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared on the cash basis. Only cash associated with the operation of the Board is included on the statement of net position. The statement of activities presents increases (i.e., receipts) and decreases (i.e., expenditures) in total net position.

Fund Financial Statements

All governmental funds are accounted for using the cash basis of accounting. With this measurement focus, only cash is included on the balance sheet. The statement of cash receipts, cash disbursements and changes in cash fund balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Board's financial statements are prepared using the cash basis of accounting.

Receipts – Nonexchange Transactions

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include grants. On a cash basis, receipts from grants are recognized in the year in which the cash is received.

Cash Disbursements

On the cash basis of accounting, cash disbursements are recognized when cash is paid. The measurement focus of governmental fund accounting is on decreases in net financial resources (cash disbursements) rather than expenses. Cash disbursements are generally recognized in the accounting period in which the cash is paid.

Cash

The Community Action Organization of Scioto County, Inc. (the CAO) is the custodian for the Board's cash. The Board's assets are held in the CAO's cash and investment pool, and are valued at the CAO's reported carrying amount.

Net Position

Net position represents the cash balance. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board – the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the Board’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the Board, which includes giving the fiscal agent the authority to constrain monies for intended purposes.

Unassigned – this is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

Note 3 – Cash and Deposits

The Community Action Organization of Scioto County, Inc. (the CAO) maintains a cash and investments pool used by all of the CAO’s programs, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments for the Board. At fiscal year-end, the carrying amount of the Board’s deposits with the CAO was \$116,016. The CAO is responsible for maintaining adequate depositor collateral for all funds in the CAO’s pooled cash and deposit accounts.

Note 4 – Risk Management

The Board 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 2023, the Board contracted with Winchester for various types of insurance, including general liability aggregate coverage of \$1,000,000.

Note 5 – Contracted Services

The Board does not have any employees. It contracts for accounting, administrative, use of facility, and management services from other governmental and not-for-profit agencies.

Note 6 – Contractual Obligations

The Board entered into an agreement with the Scioto County Career Technical Center to provide services as administrative agent, effective January 1, 2016. The Board also entered into an agreement with the Community Action Organization of Scioto County, Inc. (the CAO) to provide services as fiscal agent, effective January 1, 2016. The CAO provides financial processing and accountability services for the Board.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

Note 7 - Contingencies

Grants

The Board receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2023 will not have a material adverse effect on the Board.

Litigation

The Board is involved in no litigation as either plaintiff or defendant.

Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The Board's fund balance at June 30, 2023 was \$116,016 and was reported as unrestricted.

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended May 2023. The financial impact of COVID-19 may impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Area 1 Workforce Development Board
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Assistance Listing Number	Passed Through				
			to Subrecipients	Federal Awards Expenditures			
United States Department of Labor							
Passed through the Ohio Department of Job and Family Services							
WIOA Cluster:							
WIOA Adult Program:							
Adult Formula Program Administration (FY21)	G-2021-15-0025	17.258	\$ 26,508	\$ 26,508			
Adult Formula Program (FY21)	G-2021-15-0025	17.258	9,430	9,430			
Adult Formula Program Administration (PY21)	G-2021-15-0025	17.258	18,755	18,755			
Adult Formula Program (PY21)	G-2021-15-0025	17.258	139,590	139,590			
Adult Formula Program Administration (FY22)	G-2021-15-0025	17.258	29,837	29,837			
Adult Formula Program (FY22)	G-2021-15-0025	17.258	854,128	854,128			
Business Resource Network (SFY22)	G-2021-15-0025	17.258	229,928	229,928			
OMJ Center Resource Sharing (SFY22)	G-2021-15-0025	17.258	1,558	1,558			
State Special Projects (SFY22)	G-2021-15-0025	17.258	147,983	147,983			
Adult Formula Program (PY22)	G-2021-15-0025	17.258	161,861	161,861			
OMJ Center Resource Sharing (SFY23)	G-2021-15-0025	17.258	1,757	1,757			
Adult Formula Program Administration (PY22)	G-2021-15-0025	17.258	17,985	17,985			
Adult Formula Program Administration (FY23)	G-2021-15-0025	17.258	53,238	53,238			
Adult Formula Program (FY23)	G-2021-15-0025	17.258	147,055	147,055			
State Special Projects (SFY23)	G-2021-15-0025	17.258	103,495	103,495			
State Special Projects Administration (SFY23)	G-2021-15-0025	17.258	11,499	11,499			
Business Resource Network (SFY24)	G-2021-15-0025	17.258	1,678	1,678			
Total WIOA Adult Program			1,956,285	1,956,285			
WIOA Youth Program:							
Youth Formula Program Administration CCMEP (PY20)	G-1819-15-0174	17.259	8,499	8,499			
Youth Formula Program CCMEP (FY20)	G-1819-15-0174	17.259	348,062	348,062			
Youth Formula Program CCMEP (PY21)	G-1819-15-0174	17.259	609,562	609,562			
Youth Formula Program Administration CCMEP (PY21)	G-1819-15-0174	17.259	106,202	106,202			
Youth Formula Program CCMEP (PY22)	G-2021-15-0025	17.259	44,985	44,985			
Total WIOA Youth Program			1,117,310	1,117,310			
WIOA Dislocated Worker Program:							
Dislocated Worker Formula Program (PY20)	G-1819-15-0174	17.278	2,127	2,127			
Dislocated Worker Formula Program (PY21)	G-1819-15-0174	17.278	106,446	106,446			
Dislocated Worker Formula Program (FY21)	G-2021-15-0025	17.278	16,431	16,431			
Dislocated Worker Formula Program Administration (FY22)	G-2021-15-0025	17.278	55,205	55,205			
Dislocated Worker Formula Program (FY22)	G-2021-15-0025	17.278	355,441	355,441			
Dislocated Worker Formula Program (PY22)	G-2021-15-0025	17.278	58,641	58,641			
Dislocated Worker Formula Program Administration (PY22)	G-2021-15-0025	17.278	11,466	11,466			
OMJ Center Resource Sharing (SFY22)	G-2021-15-0025	17.278	1,210	1,210			
Dislocated Worker Formula Program (FY23)	G-2021-15-0025	17.278	25,511	25,511			
OMJ Center Resource Sharing (SFY23)	G-2021-15-0025	17.278	1,367	1,367			
Total WIOA Dislocated Worker Program			633,845	633,845			
Total WIOA Cluster			3,707,440	3,707,440			
Employment Service Cluster:							
OMJ Center Resource Sharing (SFY22)	G-2021-15-0025	17.207	29,921	29,921			
OMJ Center Resource Sharing (SFY23)	G-2021-15-0025	17.207	4,207	4,207			
OMJ Center Resource Sharing (SFY23)	G-2021-15-0025	17.207	31,374	31,374			
Total Employment Service Cluster			65,502	65,502			
RESEA Assistance							
PY21 RESEA Program	G-2021-15-0025	17.225	13,441	13,441			
PY21 RESEA Administration	G-2021-15-0025	17.225	1,319	1,319			
SFY22 Supplemental RESEA Administration	G-2021-15-0025	17.225	1,111	1,111			
SFY22 Supplemental RESEA Program	G-2021-15-0025	17.225	10,000	10,000			
PY22 RESEA Administration	G-2021-15-0025	17.225	7,963	7,963			
PY22 RESEA Program	G-2021-15-0025	17.225	43,505	43,505			
Total RESEA Assistance			77,339	77,339			
Trade Adjustment Assistance:							
OMJ Center Resource Sharing (SFY22)	G-2021-15-0025	17.245	4,670	4,670			
OMJ Center Resource Sharing (SFY23)	G-2021-15-0025	17.245	5,671	5,671			
Total Trade Adjustment Assistance			10,341	10,341			
WIOA National Dislocated Worker Grants/WIA National Emergency Grants:							
Holistic Care Project Administration	G-2021-15-0025	17.277	43,917	43,917			
Holistic Care Project Project	G-2021-15-0025	17.277	1,306,778	1,306,778			
NDWG-Employment Recovery Administration	G-2021-15-0025	17.277	37	37			
NDWG-Employment Recovery Program	G-2021-15-0025	17.277	100,699	100,699			
NDWG-Opioid Fresh Start Program	G-2021-15-0025	17.277	558,102	558,102			
NDWG-Opioid Fresh #3 Program	G-2021-15-0025	17.277	1,588	1,588			
NDWG-Opioid Fresh Start Administration	G-2021-15-0025	17.277	41,300	41,300			
NDWG-Opioid Fresh #2 Program	G-2021-15-0025	17.277	186,578	186,578			
NDWG-Opioid Fresh Start Administration	G-2021-15-0025	17.277	14,177	14,177			
Total WIOA National Dislocated Worker Grants/WIA National Emergency Grants			2,253,176	2,253,176			
Total United States Department of Labor			6,113,798	6,113,798			
Total Federal Financial Assistance			\$ 6,113,798	\$ 6,113,798			

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SO Consortium
Notes to the Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) is a summary of the activity of Area 1 Workforce Development Board's (the Board) federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Subrecipients

The Board passes certain federal awards received from the Ohio Department of Job and Family Services to other governments (sub-recipients). As note 2 describes, the Board reports expenditures of federal awards to subrecipients when paid in cash.

As a subrecipient, the Board 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.

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

SO Consortium
Scioto County
4057-A Gallia Pike
Franklin Furnace, Ohio 45629

To the Board:

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities and the major fund of the SO Consortium, Scioto County, Ohio (the Consortium) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated March 20, 2025, wherein we noted the Consortium uses a special purpose framework other than generally accepted accounting principles.

We did not opine on these financial statements because we were unable to obtain sufficient appropriate audit evidence to support the occurrence, completeness and accuracy of the amounts reported in the Statement of Net Position, Statement of Activities, Balance Sheet, or Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balance due to unsupported adjustments and transactions recorded in the accounting records and reported on the financial statements.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the Consortium, we considered the Consortium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Consortium's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

SO Consortium
Scioto County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 through 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Consortium, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-003.

Consortium's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Consortium's responses to the findings identified in our engagement and described in the accompanying schedule of findings and corrective action plan. The Consortium's responses were not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consortium's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the Consortium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 20, 2025



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

SO Consortium
Scioto County
4057-A Gallia Pike
Franklin Furnace, Ohio 45629

To the Board:

Report on Compliance for Each Major Federal Program

Disclaimer of Opinion

We were engaged to audit SO Consortium's, Scioto County, (Consortium) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Consortium's major federal programs for the year ended June 30, 2023. the Consortium's major federal programs are identified in the *Summary of Opinions* section of our report.

Summary of Opinions

<i>Major Federal Program</i>	<i>Type of Opinion</i>
WIOA Cluster	Disclaimer
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Disclaimer

Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants

We do not express an opinion on the Consortium's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants.

Basis for Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants

As described in findings 2023-004 and 2023-005 in the accompanying schedule of findings, we were unable to obtain audit evidence supporting the Consortium's compliance with the following:

SO Consortium

Scioto County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over

Compliance Required by the Uniform Guidance

Page 2

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-004	17.258,17.259,17.278 17.277	WIOA Cluster & WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Matching, Level of Effort, Earmarking, Period of Performance, Reporting, Subrecipient Monitoring
2023-005	17.258,17.259,17.278 17.277	WIOA Cluster & WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Reporting

As a result of these matters, we were unable to determine whether the Consortium complied with those requirements applicable to the identified programs.

Responsibilities of Management for Compliance

The Consortium's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Consortium's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Auditor's Responsibilities for the Audit of Compliance for WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

SO Consortium
Scioto County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2023-004 through 2023-006 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Consortium's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and corrective action plan. The Consortium's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 20, 2025

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SO CONSORTIUM
SCIOTO COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Disclaimer
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(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)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Disclaimer
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	WIOA Cluster – AL #17.258, 17.259, 17.278 WIOA National Dislocated Worker Grants/WIA National Emergency Grants – AL #17.277
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2023-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in internal control related to financial reporting, the Consortium misclassified and mis-posted various revenues and expenditures in the annual financial report submitted to the Auditor of State. These misstatements had the following effect on the Consortium's financial statements:

FINDING NUMBER 2023-001
(Continued)

- Beginning balance on the financial statements was understated by \$24,793 due to corrections noted in prior years not being adjusted on current year financial statements.
- GRIT Revenues and relating cash were understated by \$573,509.
- Administration Revenue and relating Expenditures were understated by \$52,335.
- Adult Revenue and relating Expenditures were overstated by \$25,588.
- Dislocated Workers Revenue and relating Expenditures were overstated by \$26,747.
- Skills Up Grant activity was omitted from the financial statements. This resulted in revenue being understated by \$157,500, the relating expenditures understated by \$143,400 and the difference affecting ending cash.

In addition to these identified errors, it was also noted that there were various adjustments posted on the trial balance reports that could not be verified/supported by the Consortium. In addition to this, the accounting system could not be reconciled to the amounts reported on the financial statements.

We noted the following difference:

- Estimated expenditures from the MIP trial balance report, taking into consideration adjustments totaling \$7,825,304 (which we felt were most likely related to expenditures), were \$8,897,108. However, the financial statements filed in the Hinkle System reported \$8,390,915, for a difference of \$506,193.

The Consortium has not adjusted the financial statements nor the accounting records to correct these errors. They could not be posted to the system because it could not be determined in all circumstances what the offsetting entry of the error would be.

Failure to correctly post activity to the accounting system and the financial statements and maintain adequate support for adjustments could result in the financial statements being misleading or misstated. For the current year this resulted in modifications to the audit opinion over the financial statements.

To ensure the Consortium's financial statements and notes to the financial statements are complete and accurate, the Consortium should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Agent and the Director to identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2023-002

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

FINDING NUMBER 2023-002
(Continued)

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Consortium's Fiscal Agent is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Consortium Director is responsible for reviewing the reconciliations and related support.

Due to a lack of controls over the reconciliation process, monthly bank to book reconciliations were not properly prepared or reviewed. Items were noted such as unsupported reconciling items and a failure to reconcile directly for the balances in the Consortium's funds. Failure to reconcile monthly increases the possibility that the Consortium will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Agent should establish and implement internal controls over the reconciliation process to ensure the recording of all transactions and preparation of monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Consortium Director and Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document this review.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2023-003

Material Weakness/Noncompliance

Ohio Admin Code §§ 117-2-01(A) and 117-2-02(A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories, and that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements.

The Consortium did not have sufficient internal controls in place over financial recording and reporting. The Consortium did not maintain underlying documentation and support for one transaction, and proof of payment was not provided for two transactions. This equaled a total of \$1,016,634 in expenditures that we could not verify if the expenditures were valid or not. Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Consortium should develop and implement internal controls over financial recording and reporting to ensure they maintain all invoices and proof of payment for all financial transactions and records should be maintained in an orderly manner to support all transactions.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

1. Schedule of Expenditures of Federal Awards

Finding Number:	2023-004
Assistance Listing Number and Title:	AL # 17.258, 17.259, 17.278 – WIOA Cluster AL # 17.277 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Matching, Level of Effort, Earmarking, Period of Performance, Reporting, Subrecipient Monitoring
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number	2022-004

Noncompliance and Material Weakness

2 CFR 2900.4 gives regulatory effect to the Department of Labor for **2 CFR Subpart F § 200.510(b)** which requires the auditee to prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the Consortium's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the AL number or other identifying number when the AL information is not available.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

The Consortium chose to report their Schedule of Federal Awards on a cash basis. The fiscal agent's accounting system operated on a full accrual basis and the federal schedule that was presented for audit was taken from the CFIS system for tracking federal expenditures for the Ohio Department of Job and Family Services. However, the Consortium was not able to provide support from the accounting system to reconcile the amounts reported on the Schedule to the accounting system.

FINDING NUMBER 2023-004
(Continued)

Due to the lack of support for the federal schedule, we were unable to ensure that activity upon which we based our testing of the compliance for major federal programs was complete and therefore we could not obtain the necessary assurances to form an opinion over the major federal programs' compliance. Noncompliance with grant requirements as well as errors and omissions on the Schedule of Expenditures of Federal Awards could have an adverse effect on future grant awards by the awarding agency in addition to an inaccurate assessment of major federal programs that would be subjected to audit.

Management should review all grant and loan award documents in order to execute policies and procedures which help ensure compliance with grant and loan requirements, including Schedule reporting requirements. The Consortium should implement a system to track all federal expenditures and related information separately from other expenditures and report federal expenditures with proper support including, but not limited to, grant agreements, calculation of the expenditures, and any federal reporting requirements. This will help ensure the Consortium is in compliance with grant and loan requirements, the Schedule is complete and accurate, and major federal programs are accurately identified for audit.

Officials' Response:

See Corrective Action Plan.

2. Reporting

Finding Number:	2023-005
Assistance Listing Number and Title:	AL # 17.258, 17.259, 17.278 – WIOA Cluster AL # 17.277 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number	2022-007

Noncompliance and Material Weakness

2 CFR § 2900.4 gives regulatory effect to the U.S. Department of Labor for **2 CFR § 200.332(a)(3)** which requires a pass-through entity to impose any additional requirements on the subrecipient necessary in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports. Additionally, **Ohio Admin. Code § 5101:9-7-29(D)(2)(c)** requires WIOA local area fiscal agents to submit the completed quarterly financial statement to the Bureau of County Finance and Technical Assistance (BCFTA) no later than the tenth calendar day of the second month following the quarter the report represents. **Ohio Admin. Code § 5101:9-7-29(D)(1)(b)(i)** further requires the fiscal agent, when reviewing the quarterly financial data, to reconcile any difference between the WIOA local area's financial records and financial data submitted to BCFTA via CFIS. **Ohio Admin. Code § 5101:9-7-04(E)** states in part that as expenditures are incurred, they become accrued expenses and shall be reported as accruals. **Ohio Admin. Code § 5101:9-7-04(F)** provides that the WIOA local area shall maintain documentation in accordance with the records retention requirements in rule [**5101:9-9-21**](#) of the Administrative Code. This documentation may be subject to inspection, monitoring, and audit by ODJFS and the Ohio auditor of state.

Due to the lack of effect control procedures over reporting, the following issues were noted related to the quarterly submissions:

FINDING NUMBER 2023-005
(Continued)

1. The fiscal agent did not maintain quarterly certification on file for the first and second quarter of calendar year 2023. Copies had to be obtained from CFIS and those copies were not the originals signed by approving authorities.
2. For all submissions, the fiscal agent was unable to provide system reports from their accounting system that reconciled to the actual financial data (i.e. beginning balances, revenues, expenses, ending balances) submitted to BCFTA via CFIS.
3. For all submissions, the fiscal agent was unable to provide any support for the amounts they reported as accruals on the certifications.

This could lead to questions regarding accuracy of the amounts reported to the Ohio Department of Job and Family Services.

The Consortium should develop and implement procedures to ensure quarterly reports are filed no later than the tenth calendar day of the second month following the quarter the report represents. In addition, all data reported thru these quarterly reports should be supported by the accounting system of the Fiscal Agent.

Officials' Response:

See Corrective Action Plan.

3. Federal Expenditure Control Procedures

Finding Number:	2023-006
Assistance Listing Number and Title:	AL # 17.258, 17.259, 17.278 – WIOA Cluster AL # 17.277 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number	2022-008

Material Weakness

The Consortium should have established and maintained effective internal control over Federal award expenditures to provide reasonable assurance that the Consortium was managing Federal awards in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These controls should have included proper approval / authorization of all outgoing payments being made by the fiscal agent on behalf of the Consortium. It appeared the procedure that was supposed to be in place was that both the Director and the Comptroller were to sign off on all invoices prior to payments being made.

Due to the lack of controls over expenditures, during testing there was no indication on the invoice that the Director and Comptroller reviewed and approved the expenditures for ten out of the fifteen expenditures tested for the WIOA Cluster. There was also no indication on the invoice that the Director and Comptroller reviewed and approved the expenditures for eight out of the fourteen expenditures tested for the National Emergency Grant.

FINDING NUMBER 2023-006
(Continued)

Policies and procedures should be established and implemented to verify that controls over federal expenditures to timely prevent or detect noncompliance are in place and operating effectively. Failure to do so increases the likelihood of unallowable expenditures and material non-compliance with program requirements going undetected.

The Director and Comptroller should review and approve each invoice in order to determine that expenditures are in accordance with grant requirements and Federal laws and such approval should be documented on each invoice.

Officials' Response:

See Corrective Action Plan.

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Workforce Development Board Area 1

4057-A Gallia Pike
Franklin Furnace, OH 45629
(740) 259-6943

Crystal Keaton, Director
Holly Johnson, Board Chair

www.omjwda1.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

2 CFR 200.511(b)

JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Sound Financial Reporting	Not Corrected	Reissued as Finding # 2023-001
2022-002	Cash Reconciliation	Not Corrected	Reissued as Finding # 2023-002
2022-003	Supporting Documentation	Not Corrected	Reissued as Finding # 2023-003
2022-004	Schedule of Expenditures of Federal Awards	Not Corrected	Reissued as Finding # 2023-004
2022-005	WIOA Cluster - Unsupported Expenditures	Corrected	
2022-006	WIOA National Dislocated Worker Grants / WIA National Emergency Grants - Unsupported Expenditures	Corrected	
2022-007	Reporting - WIOA Cluster and WIOA National Dislocated Worker Grants / WIA National Emergency Grants	Not Corrected	Reissued as Finding # 2023-005
2022-008	Federal Expenditure Controls	Not Corrected	Reissued as Finding # 2023-006



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Locations: Adams County	Brown County	Pike County	Scioto County
19221 St. Rt. 136 Winchester, OH 45697	406 W. Plum Street Georgetown, OH 45121	941 Market Street Piketon, OH 45661	433 Third Street Portsmouth, OH 45662
937-695-0316 800-233-7891	937-795-0316 800-553-7393 Ext 261	740-289-2371	740-354-7544

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Workforce Development Board Area 1

4057-A Gallia Pike
Franklin Furnace, OH 45629
(740) 259-6943

Crystal Keaton, Director
Holly Johnson, Board Chair

www.omjwda1.org

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2023

Finding Number:	2023-001
Planned Corrective Action:	Consortium's Fiscal Agent will ensure its financial statements and notes to the financial statements are complete and accurate, the Consortium will review and adopt new policies and procedures where needed, including a final review of the statements and notes by the Fiscal Agent and the Director to identify and correct errors and omissions. These policies were put into place in April 10, 2024.
Anticipated Completion Date:	March 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2023-002
Planned Corrective Action:	Consortium's Fiscal Agent shall record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board shall review the monthly cash reconciliations including the related support and document the reviews.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2023-003
Planned Corrective Action:	Consortium's Fiscal Agent shall maintain all invoices and proof of payment for all financial transactions and records should be maintained in an orderly manner to support all transactions.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2023-004
Planned Corrective Action:	Consortium's Fiscal Agent will ensure that supporting documentation will be maintained for all expenditures to ensure that each expenditure charged to the program is for an allowable activity/cost.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton



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Locations:	Adams County	Brown County	Pike County	Scioto County
	19221 St. Rt. 136 Winchester, OH 45697	406 W. Plum Street Georgetown, OH 45121	941 Market Street Piketon, OH 45661	433 Third Street Portsmouth, OH 45662
	937-695-0316 800-233-7891	937-795-0316 800-553-7393 Ext 261	740-289-2371	740-354-7544

Finding Number:	2023-005
Planned Corrective Action:	Consortium shall implement procedures to ensure quarterly reports are filed no later than the tenth calendar day of the second month following the quarter the report represents. In addition, all data reported thru these quarterly reports should be supported by the accounting system of the Fiscal Agent and County Financial Information System (CFIS). This practice was put into place on April 10, 2024.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2023-006
Planned Corrective Action:	Consortium's Fiscal Agent Executive Director and Chief Fiscal Officer shall review and approve each invoice/payment in order to determine that expenditures are in accordance with grant requirements and Federal laws and such approval should be documented on each invoice/payment.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton



OHIO AUDITOR OF STATE
KEITH FABER

SO CONSORTIUM
SCIOTO COUNTY
JUNE 30, 2022

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

SO Consortium
Scioto County
4057-A Gallia Pike
Franklin Furnace, Ohio 45629

To the Board:

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the cash-basis financial statements of the governmental activities and the major fund of the SO Consortium, Scioto County, Ohio (the Consortium), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the SO Consortium. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

We were unable to obtain sufficient appropriate audit evidence to support the occurrence, completeness and accuracy of the amounts reported in the Statement of Net Position, Statement of Activities, Balance Sheet, or Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balance due to unsupported adjustments and transactions recorded in the accounting records and reported on the financial statements.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during 2022, the Consortium has elected to change its financial presentation to a cash basis of accounting comparable to the requirements of *Government Accounting Standards* and this resulted in a restatement of beginning balance at July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Consortium's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Supplementary information

Our engagement was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consortium's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are not able to obtain sufficient evidence to provide a basis for an opinion and accordingly we do not opine on the Schedule of Expenditures of Federal Awards.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, on our consideration of the Consortium'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consortium's 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 Consortium's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
March 20, 2025

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Area 1 Workforce Development Board

Statement of Net Position (Cash Basis)

As of June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 116,016</u>
<i>Total Assets</i>	<u>\$ 116,016</u>
Net Position	
Unrestricted	<u>116,016</u>
<i>Total Net Position</i>	<u>\$ 116,016</u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board
Statement of Activities (Cash Basis)
For the Fiscal Year Ended June 30, 2022

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Operating Grants, Contributions and Interest		
Governmental Activities:				
Workforce Development:				
Adult	\$ 661,645	\$ 661,645	\$	-
Dislocated Worker	256,274	256,274		-
Youth	750,442	750,442		-
Administration	288,703	288,703		-
Opioid Grant	605,959	605,959		-
Ohio Means Jobs Center Resource Sharing	3,751	3,751		-
Special Projects	1,091,334	1,091,334		-
GRIT Program	2,600,649	2,600,649		-
SOR Program	148,650	148,650		-
Holistic Program	927,940	927,940		-
Employment Recovery	120,099	120,099		-
Business Resource Network	234,642	234,642		-
Reemployment Services and Eligibility Assessment Program	104,870	104,870		-
<i>Total Governmental Activities</i>	<u>\$ 7,794,958</u>	<u>\$ 7,794,958</u>	<u>\$</u>	<u>-</u>
		<i>Total General Receipts</i>		-
		<i>Change in Net Position</i>		-
		<i>Net Position Beginning of Year</i>		<u>116,016</u>
		<i>Net Position End of Year</i>	<u>\$</u>	<u>116,016</u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board

Balance Sheet (Cash Basis)

As of June 30, 2022

	Workforce Development Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 116,016</u>
<i>Total Assets</i>	<u>\$ 116,016</u>
Fund Balance	
Unrestricted	<u>116,016</u>
<i>Total Fund Balance</i>	<u>\$ 116,016</u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2022

	<u>Workforce Development Fund</u>
Receipts	
Intergovernmental:	
Adult	\$ 661,645
Dislocated Worker	256,274
Youth	750,442
Administration	288,703
Opioid Grant	605,959
Ohio Means Jobs Center Resource Sharing	3,751
Special Projects	1,091,334
GRIT Program	2,600,649
SOR Program	148,650
Holistic Program	927,940
Employment Recovery	120,099
Business Resource Network	234,642
Reemployment Services and Eligibility Assessment Program	<u>104,870</u>
<i>Total Revenues</i>	<i>7,794,958</i>
Disbursements	
Workforce Development:	
Adult	661,645
Dislocated Worker	256,274
Youth	750,442
Administration	288,703
Opioid Grant	605,959
Ohio Means Jobs Center Resource Sharing	3,751
Special Projects	1,091,334
GRIT Program	2,600,649
SOR Program	148,650
Hollistic Program	927,940
Employment Recovery	120,099
Business Resource Network	234,642
Reemployment Services and Eligibility Assessment Program	<u>104,870</u>
<i>Total Expenditures</i>	<i><u>7,794,958</u></i>
Total Change in Fund Balance	-
Fund Balance Beginning of Year (As Restated)	<u>116,016</u>
Fund Balance End of Year	<u>\$ 116,016</u>

The notes to the basic financial statements are an integral part of this statement.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Note 1 – Description of the Entity

Description of the Board

The Workforce Innovation and Opportunity Act (WIOA) is a federally funded program that provides employment and job training services to eligible adults, dislocated workers and youth. The United States Department of Labor (DOL) is the federal agency responsible for the program. The Ohio Department of Job and Family Services (ODJFS) is the oversight agency for the State of Ohio.

The SO Consortium (also known as Area 1 Workforce Development Board) (the Board), is designated as a local Workforce Development Area under WIOA 116 and its geopolitical span includes Adams, Brown, Pike and Scioto Counties. The grant recipient is a consortium of elected officials from the counties within the local area. The functions of the consortium are carried out by a Board of Governors, which consists of the Chief Elected Official (CEO) of each participating sub area.

In accordance with WIOA 117, the consortium established a local Workforce Development Board to set policy for the local workforce development system. The local board has no employees. The fiscal agent performs accounting functions for the Board and are employees of the Community Action Organization of Scioto County, Inc. The administrative entity performs administrative functions for the Board and are employees of the Scioto County Career Technical Center.

The grant recipient designated the Community Action Organization of Scioto County, Inc. as the fiscal agent for the local area. The Community Action Organization of Scioto County, Inc. has the responsibility to disburse funds for the local area at the direction of the local Board. Funds flow from the State to the Board and are passed onto the individual counties based on allocations established by the State. The individual counties have responsibility for the administration of the adult, dislocated worker and youth programs for their respective county.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Board consists of all funds, departments, boards, and agencies that are not legally separate from the Board. The Board's financial statements include adult, dislocated worker, youth, employment services (Power), Ohio means jobs, opioid, special projects, GRIT, SOR, flood, RAPID, holistic, employment recovery, Business Resource Network, reemployment services and eligibility assessments, and administrative programs.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organization's governing board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organization's resources; the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt, or the levying of taxes. The Board has no component units.

Management believes the financial statements included in this report represent all of the financial activity of the Board over which the Board is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, 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).

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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. Following are the more significant of the Board's accounting policies.

Basis of Presentation

The Board's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis).

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the Board.

The statement of net position presents the cash balance of the governmental activities of the Board at yearend. The statement of activities presents a comparison between direct disbursements and receipts for each program or function of the Board's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include grants that are restricted to meeting the operational requirements of a particular program. Receipts which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing.

Fund Financial Statements

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental fund financial statements is on major funds rather than reporting by type. The special revenue fund is presented in a separate column.

Fund Accounting

The Board uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Board utilizes the governmental category of funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Board are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The special revenue fund is the Board's only fund. *Workforce Development Fund* – This fund is the operating fund of the Board and is used to account for all financial resources.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared on the cash basis. Only cash associated with the operation of the Board is included on the statement of net position. The statement of activities presents increases (i.e., receipts) and decreases (i.e., expenditures) in total net position.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Fund Financial Statements

The Board's only fund is accounted for using the cash basis of accounting. With this measurement focus, only cash is included for reporting purposes. The statement of cash receipts, cash disbursements and changes in cash fund balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Board's financial statements are prepared using the cash basis of accounting.

Receipts – Nonexchange Transactions

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include grants. On a cash basis, receipts from grants are recognized in the year in which the cash is received.

Cash Disbursements

On the cash basis of accounting, cash disbursements are recognized when cash is paid. The measurement focus of governmental fund accounting is on decreases in net financial resources (cash disbursements) rather than expenses. Cash disbursements are generally recognized in the accounting period in which the cash is paid.

Cash

The Community Action Organization of Scioto County, Inc. (the CAO) is the custodian for the Board's cash. The Board's assets are held in the CAO's cash and investment pool, and are valued at the CAO's reported carrying amount.

Net Position

Net position represents the cash balance. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board – the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the Board’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the Board, which includes giving the fiscal agent the authority to constrain monies for intended purposes.

Unassigned – this is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

Note 3 – Cash and Deposits

The Community Action Organization of Scioto County, Inc. (the CAO) maintains a cash and investments pool used by all of the CAO’s programs, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments for the Board. At fiscal year-end, the carrying amount of the Board’s deposits with the CAO was \$116,016. The CAO is responsible for maintaining adequate depositor collateral for all funds in the CAO’s pooled cash and deposit accounts.

Note 4 – Risk Management

The Board 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 2022, the Board contracted with Winchester for various types of insurance, including general liability aggregate coverage of \$1,000,000.

Note 5 – Contracted Services

The Board does not have any employees. It contracts for accounting, administrative, use of facility, and management services from other governmental and not-for-profit agencies.

Note 6 – Contractual Obligations

The Board entered into an agreement with the Scioto County Career Technical Center to provide services as administrative agent, effective January 1, 2016. The Board also entered into an agreement with the Community Action Organization of Scioto County, Inc. (the CAO) to provide services as fiscal agent, effective January 1, 2016. The CAO provides financial processing and accountability services for the Board.

Note 7 - Contingencies

Grants

The Board receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2022 will not have a material adverse effect on the Board.

Litigation

The Board is involved in no litigation as either plaintiff or defendant.

Area 1 Workforce Development Board

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The Board's fund balance at June 30, 2022 was \$116,016 and was reported as unrestricted.

Note 9 – Restatement of Beginning Fund Balance/Net Position

The Board changed their basis of accounting from accounting principles generally accepted in the United States of America to the cash basis of accounting for the fiscal year ended June 30, 2022. The effect of this change in basis of accounting is as follows:

July 1, 2021 Fund Balance/Net Position:	\$ 59,286
Less:	
Prepaid Expenses	(197,878)
Plus:	
Accounts Payable	56,850
Intergovernmental Payable	197,758
Total Change in Fund Balance/Net Position:	<u>56,730</u>
July 1, 2021 Fund Balance/Net Position (As Restated)*:	<u>\$ 116,016</u>

*This agrees to the July 1, 2021 Cash Balance.

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended May 2023. The financial impact of COVID-19 may impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Area 1 Workforce Development Board
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Assistance Listing Number	Passed Through		Federal Awards Expenditures			
			to Subrecipients	Federal Awards Expenditures				
United States Department of Labor								
Passed through the Ohio Department of Job and Family Services								
WIOA Cluster:								
WIOA Adult Program:								
Adult Formula Program (PY19)	G-1819-15-0174	17.258	\$ (45,600)	\$ (45,600)				
Adult Formula Program (PY20)	G-2021-15-0025	17.258	77,147	77,147				
Adult Formula Program (PY21)	G-2021-15-0025	17.258	29,208	29,208				
Adult Formula Program (FY21)	G-2021-15-0025	17.258	769,272	769,272				
Adult Formula Program Administration (FY21)	G-2021-15-0025	17.258	88,573	88,573				
Business Resource Network (SFY22)	G-2021-15-0025	17.258	90,468	90,468				
OMJ Center Resource Sharing (SFY22)	G-2021-15-0025	17.258	499	499				
State Special Projects (SFY22)	G-2021-15-0025	17.258	<u>1,250,313</u>	<u>1,250,313</u>				
Total WIOA Adult Program			2,259,880	2,259,880				
WIOA Youth Program:								
Youth Formula Program CCMEP (PY19)	G-1819-15-0174	17.259	166,295	166,295				
Youth Formula Program Administration CCMEP (PY19)	G-1819-15-0174	17.259	77,456	77,456				
Youth Formula Program CCMEP (FY20)	G-2021-15-0025	17.259	355,128	355,128				
Youth Formula Program Administration CCMEP (PY20)	G-2021-15-0025	17.259	30,872	30,872				
Youth Formula Program CCMEP (PY21)	G-2021-15-0025	17.259	<u>91,315</u>	<u>91,315</u>				
Total WIOA Youth Program			721,066	721,066				
WIOA Dislocated Worker Program:								
Dislocated Worker Formula Program (PY20)	G-2021-15-0025	17.278	124,790	124,790				
Dislocated Worker Formula Program (FY20)	G-2021-15-0025	17.278	58,221	58,221				
Dislocated Worker Formula Program (PY21)	G-2021-15-0025	17.278	22,501	22,501				
Dislocated Worker Formula Program Administration (PY21)	G-2021-15-0025	17.278	14,327	14,327				
Dislocated Worker Formula Program (FY21)	G-2021-15-0025	17.278	607,744	607,744				
Dislocated Worker Formula Program Administration (FY21)	G-2021-15-0025	17.278	77,026	77,026				
Business Resource Network (FFY21)	G-2021-15-0025	17.278	21,550	21,550				
Business Resource Network (SFY21)	G-2021-15-0025	17.278	115,338	115,338				
Dislocated Worker Formula Program (FY22)	G-2021-15-0025	17.278	52,965	52,965				
Dislocated Worker Formula Program Administration (FY22)	G-2021-15-0025	17.278	5,759	5,759				
OMJ Center Resource Sharing (SFY22)	G-2021-15-0025	17.278	<u>388</u>	<u>388</u>				
Total WIOA Dislocated Worker Program			<u>1,100,609</u>	<u>1,100,609</u>				
Total WIOA Cluster			4,081,555	4,081,555				
Employment Service Cluster:								
Employment Service/Wagner-Peyser Funded Activities (SFY21)	G-2021-15-0025	17.207	4,651	4,651				
Employment Service/Wagner-Peyser Funded Activities (SFY22)	G-2021-15-0025	17.207	<u>4,938</u>	<u>4,938</u>				
Total Employment Service Cluster			9,589	9,589				
RESEA Assistance								
PY20 RESEA Program	G-2021-15-0025	17.225	36,362	36,362				
PY20 RESEAAdmin	G-2021-15-0025	17.225	101	101				
PY21 RESEA Program	G-2021-15-0025	17.225	58,793	58,793				
PY21 RESEAAdmin	G-2021-15-0025	17.225	<u>6,707</u>	<u>6,707</u>				
Total RESEA Assistance			101,963	101,963				
Trade Adjustment Assistance:								
Trade Adjustment Assistance (SFY22)	G-2021-15-0025	17.245	<u>1,497</u>	<u>1,497</u>				
Total Trade Adjustment Assistance			1,497	1,497				
WIOA National Dislocated Worker Grants/WIA National Emergency Grants:								
Holistic Care Project Admin	G-2021-15-0025	17.277	88,963	88,963				
Holistic Care Project Program	G-2021-15-0025	17.277	372,502	372,502				
NDWG-Employment Recovery Admin	G-2021-15-0025	17.277	8,309	8,309				
NDWG-Employment Recovery Program	G-2021-15-0025	17.277	108,074	108,074				
NDWG-Opioid Fresh Start Program	G-2021-15-0025	17.277	36,923	36,923				
NDWG-Opioid Fresh StartAdmin	G-2021-15-0025	17.277	127	127				
NDWG-Opioids #3 Admin	G-2021-15-0025	17.277	3,380	3,380				
NDWG-Opioids #3 Iner 2 Admin	G-2021-15-0025	17.277	69,683	69,683				
NDWG-Opioids #3 Iner 2 Program	G-2021-15-0025	17.277	378,981	378,981				
NDWG-Opioids #3 Iner 2 Program	G-2021-15-0025	17.277	141,164	141,164				
NDWG-Opioids #3 Program	G-2021-15-0025	17.277	<u>7,026</u>	<u>7,026</u>				
Total WIOA National Dislocated Worker Grants/WIA National Emergency Grants			1,215,132	1,215,132				
Total United States Department of Labor			5,409,736	5,409,736				
United States Department of Health and Human Services								
Passed through the Ohio Department of Job and Family Services								
Opioid STR	G-2021-15-0025	93.788	<u>178,115</u>	<u>178,115</u>				
Total United States Department of Health and Human Services			178,115	178,115				
Total Federal Financial Assistance			\$ 5,587,851	\$ 5,587,851				

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SO Consortium
Notes to the Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) is a summary of the activity of Area 1 Workforce Development Board's (the Board) federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Subrecipients

The Board passes certain federal awards received from the Ohio Department of Job and Family Services to other governments (sub-recipients). As note 2 describes, the Board reports expenditures of federal awards to subrecipients when paid in cash.

As a subrecipient, the Board 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.

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

SO Consortium
Scioto County
4057-A Gallia Pike
Franklin Furnace, Ohio 45629

To the Board:

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities and the major fund of the SO Consortium, Scioto County, Ohio (the Consortium) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated March 20, 2025, wherein we noted the Consortium uses a special purpose framework other than generally accepted accounting principles.

We did not opine on these financial statements because we were unable to obtain sufficient appropriate audit evidence to support the occurrence, completeness and accuracy of the amounts reported in the Statement of Net Position, Statement of Activities, Balance Sheet, or Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balance due to unsupported adjustments and transactions recorded in the accounting records and reported on the financial statements.

We also noted a restatement of beginning balances due to a change in the financial presentation to a cash basis of accounting.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the Consortium, we considered the Consortium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Consortium's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

SO Consortium
Scioto County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Consortium, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-003.

Consortium's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Consortium's responses to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs and corrective action plan. The Consortium's responses were not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consortium's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the Consortium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 20, 2025



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

SO Consortium
Scioto County
4057-A Gallia Pike
Franklin Furnace, Ohio 45629

To the Board:

Report on Compliance for Each Major Federal Program

Disclaimer of Opinion

We were engaged to audit SO Consortium's, Scioto County, (Consortium) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Consortium's major federal programs for the year ended June 30, 2022. The Consortium's major federal programs are identified in the *Summary of Opinions* section of our report.

Summary of Opinions

<i>Major Federal Program</i>	<i>Type of Opinion</i>
WIOA Cluster	Disclaimer
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Disclaimer

Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants

We do not express an opinion on the Consortium's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants.

Basis for Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants

As described in findings 2022-004 through 2022-007 in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the Consortium's compliance with the following:

SO Consortium

Scioto County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over

Compliance Required by the Uniform Guidance

Page 2

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-004	17.258,17.259,17.278 17.277	WIOA Cluster & WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Matching, Level of Effort, Earmarking, Period of Performance, Reporting, Subrecipient Monitoring
2022-005	17.258,17.259,17.278	WIOA Cluster	Activities Allowed or Unallowed
2022-006	17.277	WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
2022-007	17.258,17.259,17.278 17.277	WIOA Cluster & WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Reporting

As a result of these matters, we were unable to determine whether the Consortium complied with those requirements applicable to the identified programs.

Responsibilities of Management for Compliance

The Consortium's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Consortium's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Auditor's Responsibilities for the Audit of Compliance for WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion on WIOA Cluster and the WIOA National Dislocated Worker Grants / WIA National Emergency Grants* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

SO Consortium
Scioto County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-004 through 2022-008 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Consortium's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs and corrective action plan. The Consortium's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 20, 2025

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SO CONSORTIUM
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Disclaimer
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(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)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Disclaimer
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	WIOA Cluster – AL #17.258, 17.259, 17.278 WIOA National Dislocated Worker Grants/WIA National Emergency Grants – AL #17.277
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2022-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to

FINDING NUMBER 2022-001
(Continued)

preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in internal control related to financial reporting, the Consortium misclassified and mis-posted various revenues and expenditures in the annual financial report submitted to the Auditor of State. These misstatements had the following effect on the Consortium's financial statements:

- Beginning balance on the financial statements was understated by \$24,793 due to corrections noted in prior years not being adjusted on current year financial statements.

In addition to this error, it was also noted that there were various adjustments posted on the trial balance reports that could not be verified/supported by the Consortium. In addition to this, the accounting system could not be reconciled to the amounts reported on the financial statements.

We noted the following differences:

- Revenues from the MIP trial balance report were \$4,479,336. However, the amount reported on the financial statements was \$7,794,958 for a difference of \$3,315,622. This was due to some unrecorded revenues in the accounting system along with adjustments posted as reductions of revenues that were most likely incorrect.
- Estimated expenditures from the MIP trial balance report, taking into consideration adjustments totaling \$2,660,608 (which we felt were most likely related to expenditures), were \$6,202,470. However, the financial statements filed in the Hinkle System reported \$7,794,958, for a difference of \$1,592,488.

The Consortium has not adjusted the financial statements nor the accounting records to correct these errors. They could not be posted to the system because it could not be determined in all circumstances what the offsetting entry of the error would be.

Failure to correctly post activity to the accounting system and the financial statements and maintain adequate support for adjustments could result in the financial statements being misleading or misstated. For the current year this resulted in modifications to the audit opinion over the financial statements.

To ensure the Consortium's financial statements and notes to the financial statements are complete and accurate, the Consortium should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Agent and the Director to identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2022-002

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

FINDING NUMBER 2022-002
(Continued)

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Consortium's Fiscal Agent is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Consortium Director is responsible for reviewing the reconciliations and related support.

Due to a lack of controls over the reconciliation process, monthly bank to book reconciliations were not properly prepared or reviewed. Items were noted such as unsupported reconciling items and a failure to reconcile directly for the balances in the Consortium's funds. Failure to reconcile monthly increases the possibility that the Consortium will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Agent should establish and implement internal controls over the reconciliation process to ensure the recording of all transactions and preparation of monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Consortium Director and Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document this review.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2022-003

Material Weakness/Noncompliance

Ohio Admin Code §§ 117-2-01(A) and 117-2-02(A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories, and that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements.

The Consortium did not have sufficient internal controls in place over financial recording and reporting. The Consortium did not maintain underlying documentation and support for one transaction, and proof of payment was not provided for six transactions. This equaled a total of \$1,037,529 in expenditures that we could not verify if the expenditures were valid or not. In addition to this, there was a \$1,050,680 adjustment posted that appeared to simply be a movement of funds from one fund to another related to GRIT funding, but that could not be verified.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Consortium should develop and implement internal controls over financial recording and reporting to ensure they maintain all invoices and proof of payment for all financial transactions and records should be maintained in an orderly manner to support all transactions.

FINDING NUMBER 2022-003
(Continued)

Officials' Response:

See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Schedule of Expenditures of Federal Awards

Finding Number:	2022-004
Assistance Listing Number and Title:	AL # 17.258, 17.259, 17.278 – WIOA Cluster AL # 17.277 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Matching, Level of Effort, Earmarking, Period of Performance, Reporting, Subrecipient Monitoring
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number	2021-003

Noncompliance and Material Weakness

2 CFR 2900.4 gives regulatory effect to the Department of Labor for **2 CFR Subpart F § 200.510(b)** which requires the auditee to prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the Consortium's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the AL number or other identifying number when the AL information is not available.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

FINDING NUMBER 2022-004
(Continued)

The Consortium chose to report their Schedule of Federal Awards on a cash basis. The fiscal agent's accounting system operated on a full accrual basis and the federal schedule that was presented for audit was taken from the CFIS system for tracking federal expenditures for the Ohio Department of Job and Family Services. However, the Consortium was not able to provide support from the accounting system to reconcile the amounts reported on the Schedule to the accounting system.

Due to the lack of support for the federal schedule, we were unable to ensure that activity upon which we based our testing of the compliance for major federal programs was complete and therefore we could not obtain the necessary assurances to form an opinion over the major federal programs' compliance. Noncompliance with grant requirements as well as errors and omissions on the Schedule of Expenditures of Federal Awards could have an adverse effect on future grant awards by the awarding agency in addition to an inaccurate assessment of major federal programs that would be subjected to audit.

Management should review all grant and loan award documents in order to execute policies and procedures which help ensure compliance with grant and loan requirements, including Schedule reporting requirements. The Consortium should implement a system to track all federal expenditures and related information separately from other expenditures and report federal expenditures with proper support including, but not limited to, grant agreements, calculation of the expenditures, and any federal reporting requirements. This will help ensure the Consortium is in compliance with grant and loan requirements, the Schedule is complete and accurate, and major federal programs are accurately identified for audit.

Officials' Response:

See Corrective Action Plan.

2. WIOA Cluster – Unsupported Expenditures

Finding Number:	2022-005
Assistance Listing Number and Title:	AL # 17.258, 17.259, 17.278 – WIOA Cluster
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Activities Allowed or Unallowed
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number	2021-004

Questioned Cost / Noncompliance/ Material Weakness

2 CFR § 2900.4 gives regulatory effect to the Department of Labor for 2 CFR § 200 Subpart E which outlines allowable cost principles. **2 CFR § 200.403** provides, in part, that except where otherwise authorized by statute, costs must meet the following criteria to be allowable under Federal awards: Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles and be adequately documented.

Due to a lack of internal control over expenditures and documentation, testing of expenditures identified a payment charged twice to the WIOA Cluster accounting system. As such, the second entry for the payment had no invoice support and was not valid. The total amount tested that had no invoice support was \$369,757 and was determined to be unallowable.

FINDING NUMBER 2022-005
(Continued)

Failure to maintain adequate support documentation for federal expenditures could result in costs being disallowed by the grantor. Policies and procedures over documentation of expenditures should be developed and implemented. Support should be maintained for all expenditures to ensure that each expenditure charged to the program is for an allowable activity/cost. The expenditure amount is in excess of \$25,000 and therefore is considered questioned costs under 2 CFR § 200.516.

In addition to this issue, we could not determine if the expenditures in total for this program were supported by the accounting system records since we could not reconcile between the accounting system and the federal schedule. See Finding 2022-004 above for this issue in detail.

Officials' Response:

See Corrective Action Plan.

3. WIOA National Dislocated Worker Grants/WIA National Emergency Grants– Unsupported Expenditures

Finding Number:	2022-006
Assistance Listing Number and Title:	AL # 17.277 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number	2021-005

Questioned Cost / Noncompliance /Material Weakness

2 CFR § 2900.4 gives regulatory effect to the Department of Labor for 2 CFR § 200 Subpart E which outlines allowable cost principles. **2 CFR § 200.403** provides, in part, that except where otherwise authorized by statute, costs must meet the following criteria to be allowable under Federal awards: Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles and be adequately documented.

We further noted that **20 CFR § 671.140** states the following as allowable activities:

- (a) National emergency grants may provide adjustment assistance for eligible dislocated workers, described at WIA section 173(c)(2) or (d)(2).
- (b) Adjustment assistance includes the core, intensive, and training services authorized at WIA sections 134(d) and 173. The scope of services to be provided in a particular project are negotiated between the Department and the grantee, taking into account the needs of the target population covered by the grant. The scope of services may be changed through grant modifications, if necessary.

FINDING NUMBER 2022-006
(Continued)

(c) National emergency grants may provide for supportive services to help workers who require such assistance to participate in activities provided for in the grant. Needs-related payments, in support of other employment and training assistance, may be available for the purpose of enabling dislocated workers who are eligible for such payments to participate in programs of training services. Generally, the terms of a grant must be consistent with Local Board policies governing such financial assistance with formula funds (including the payment levels and duration of payments). However, the terms of the grant agreement may diverge from established Local Board policies, in the following instances:

- (1) If unemployed dislocated workers served by the project are not able to meet the 13 or 8 weeks enrollment in training requirement at WIA section 134(e)(3)(B) because of the lack of formula or emergency grant funds in the State or local area at the time of dislocation, such individuals may be eligible for needs-related payments if they are enrolled in training by the end of the 6th week following the date of the emergency grant award;
- (2) Trade-impacted workers who are not eligible for trade readjustment assistance under NAFTA-TAA may be eligible for needs-related payments under a national emergency grant if the worker is enrolled in training by the end of the 16th week following layoff; and
- (3) Under other circumstances as specified in the national emergency grant application guidelines.

(d) A national emergency grant to respond to a declared emergency or natural disaster, as defined at § 671.110(e), may provide short-term disaster relief employment for:

- Individuals who are temporarily or permanently laid off as a consequence of the disaster;
- Dislocated workers; and
- Long-term unemployed individuals.

(e) Temporary employment assistance is authorized on disaster projects that provide food, clothing, shelter and other humanitarian assistance for disaster victims; and on projects that perform demolition, cleaning, repair, renovation and reconstruction of damaged and destroyed structures, facilities and lands located within the disaster area. For such temporary jobs, each eligible worker is limited to no more than six months of employment for each single disaster. The amounts, duration and other limitations on wages will be negotiated for each grant.

(f) Additional requirements that apply to national emergency grants, including natural disaster grants, are contained in the application instructions.

Due to a lack of internal control over expenditures and documentation, testing of expenditures identified a payment charged to the NEG Federal Program twice in the accounting system. As such, the second entry for the payment had no invoice support and was not valid. The total amount tested that had no invoice support was \$191,416 and was determined to be unallowable.

Failure to maintain adequate support documentation for federal expenditures could result in costs being disallowed by the grantor. Policies and procedures over documentation of expenditures should be developed and implemented. Support should be maintained for all expenditures to ensure that each expenditure charged to the program is for an allowable activity/cost. The expenditure amount is in excess of \$25,000 and therefore is considered questioned costs under 2 CFR § 200.516.

In addition to this issue, we could not determine if the expenditures in total for this program were supported by the accounting system records since we could not reconcile between the accounting system and the federal schedule. See Finding 2022-004 above for this issue in detail.

FINDING NUMBER 2022-006
(Continued)

Officials' Response:

See Corrective Action Plan.

4. Reporting

Finding Number:	2022-007
Assistance Listing Number and Title:	AL # 17.258, 17.259, 17.278 – WIOA Cluster AL # 17.277 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number	2021-006

Noncompliance and Material Weakness

2 CFR § 2900.4 gives regulatory effect to the U.S. Department of Labor for **2 CFR § 200.332(a)(3)** which requires a pass-through entity to impose any additional requirements on the subrecipient necessary in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports. Additionally, **Ohio Admin. Code 5101:9-7-29 (D)(2)(c)** requires WIOA local area fiscal agents to submit the completed quarterly financial statement to the Bureau of County Finance and Technical Assistance (BCFTA) no later than the tenth calendar day of the second month following the quarter the report represents. **Ohio Admin. Code § 5101:9-7-29(D)(1)(b)(i)** further requires the fiscal agent, when reviewing the quarterly financial data, to reconcile any difference between the WIOA local area's financial records and financial data submitted to BCFTA via CFIS. **Ohio Admin Code § 5101:9-7-04(E)** states in part that as expenditures are incurred, they become accrued expenses and shall be reported as accruals. **Ohio Admin Code § 5101:9-7-04(F)** provides that the WIOA local area shall maintain documentation in accordance with the records retention requirements in rule [**5101:9-9-21**](#) of the Administrative Code. This documentation may be subject to inspection, monitoring, and audit by ODJFS and the Ohio auditor of state.

Due to the lack of effect control procedures over reporting, the following issues were noted related to the quarterly submissions:

1. The quarterly financial certification for the third quarter of calendar year 2021 was not filed until December 1, 2021, the fourth quarter of calendar year 2021 was not filed until February 14, 2022, the second quarter of calendar year 2022 was not filed until August 12, 2022, the third quarter of calendar year 2022 was not filed until November 16, 2022, the fourth quarter of calendar year 2022 was not filed until February 13, 2023. These were considered late filings.
2. The fiscal agent did not maintain quarterly certification on file for the first quarter of calendar year 2022. Copies had to be obtained from CFIS and those copies were not the originals signed by approving authorities.
3. For all submissions, the fiscal agent was unable to provide system reports from their accounting system that reconciled to the actual financial data (i.e. beginning balances, revenues, expenses, ending balances) submitted to BCFTA via CFIS.

FINDING NUMBER 2022-007
(Continued)

4. For all submissions, the fiscal agent was unable to provide any support for the amounts they reported as accruals on the certifications.
5. The ending balance reported on the quarterly financial certification for the second quarter of calendar year 2022 did not agree to the beginning balance reported for the third quarter of calendar year 2022, the ending balance reported on the quarterly financial certification for the second quarter of calendar year 2021 does not agree to the beginning balance of the third quarter of calendar year 2021, the ending balance reported on the quarterly financial certification for the 4th quarter of calendar year 2021 did not agree to the beginning balance of the first quarter of calendar year 2022.
6. For the fourth quarter of 2021, the month to month beginning and ending balances do not agree.

This could lead to questions regarding accuracy of the amounts reported to the Ohio Department of Job and Family Services.

The Consortium should develop and implement procedures to ensure quarterly reports are filed no later than the tenth calendar day of the second month following the quarter the report represents. In addition, all data reported thru these quarterly reports should be supported by the accounting system of the Fiscal Agent.

Officials' Response:

See Corrective Action Plan.

5. Federal Expenditure Control Procedures

Finding Number:	2022-008
Assistance Listing Number and Title:	AL # 17.258, 17.259, 17.278 – WIOA Cluster AL # 17.277 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Labor
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	No

Material Weakness

The Consortium should have established and maintained effective internal control over Federal award expenditures to provide reasonable assurance that the Consortium was managing Federal awards in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These controls should have included proper approval / authorization of all outgoing payments being made by the fiscal agent on behalf of the Consortium. It appeared the procedure that was supposed to be in place was that both the Director and the Comptroller were to sign off on all invoices prior to payments being made.

Due to the lack of controls over expenditures, during testing there was no indication on the invoice that the Director and Comptroller reviewed and approved the expenditures for nine out of seventeen expenditures tested for the WIOA Cluster. There was also no indication on the invoice that the Director and Comptroller reviewed and approved the expenditures for eleven out of seventeen expenditures tested for the National Emergency Grant.

FINDING NUMBER 2022-008
(Continued)

Policies and procedures should be established and implemented to verify that controls over federal expenditures to timely prevent or detect noncompliance are in place and operating effectively. Failure to do so increases the likelihood of unallowable expenditures and material non-compliance with program requirements going undetected.

The Director and Comptroller should review and approve each invoice in order to determine that expenditures are in accordance with grant requirements and Federal laws and such approval should be documented on each invoice.

Officials' Response:

See Corrective Action Plan.



Workforce Development Board Area 1

4057-A Gallia Pike
Franklin Furnace, OH 45629
(740) 259-6943

Crystal Keaton, Director
Holly Johnson, Board Chair

www.omjwda1.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

2 CFR 200.511(b)

JUNE 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Sound Financial Reporting	Not Corrected	Reissued as Finding # 2022-001
2021-002	Cash Reconciliation	Not Corrected	Reissued as Finding # 2022-002
2021-003	Schedule of Expenditures of Federal Awards	Not Corrected	Reissued as Finding # 2022-004
2021-004	WIOA Cluster - Unsupported Expenditures	Not Corrected	Reissued as Finding # 2022-005
2021-005	WIOA National Dislocated Worker Grants / WIA National Emergency Grants - Unsupported Expenditures	Not Corrected	Reissued as Finding # 2022-006
2021-006	Reporting - WIOA Cluster and WIOA National Dislocated Worker Grants / WIA National Emergency Grants	Not Corrected	Reissued as Finding # 2022-007



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Locations: Adams County

19221 St. Rt. 136
Winchester, OH 45697

937-695-0316
800-233-7891

Brown County

406 W. Plum Street
Georgetown, OH 45121

937-795-0316
800-553-7393 Ext 261

Pike County

941 Market Street
Piketon, OH 45661

740-289-2371

Scioto County

433 Third Street
Portsmouth, OH 45662

740-354-7544

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Workforce Development Board Area 1

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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	Consortium's Fiscal Agent will ensure its financial statements and notes to the financial statements are complete and accurate, the Consortium will review and adopt new policies and procedures where needed, including a final review of the statements and notes by the Fiscal Agent and the Director to identify and correct errors and omissions. These policies were put into place in April 10, 2024.
Anticipated Completion Date:	March 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2022-002
Planned Corrective Action:	Consortium's Fiscal Agent shall record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board shall review the monthly cash reconciliations including the related support and document the reviews.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2022-003
Planned Corrective Action:	Consortium's Fiscal Agent shall maintain all invoices and proof of payment for all financial transactions and records should be maintained in an orderly manner to support all transactions.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2022-004
Planned Corrective Action:	Consortium's Fiscal Agent will ensure that supporting documentation will be maintained for all expenditures to ensure that each expenditure charged to the program is for an allowable activity/cost. In addition, Fiscal Agent will complete corrective action for 2022-005 & 2022-006.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton



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Locations:	Adams County	Brown County	Pike County	Scioto County
	19221 St. Rt. 136 Winchester, OH 45697	406 W. Plum Street Georgetown, OH 45121	941 Market Street Piketon, OH 45661	433 Third Street Portsmouth, OH 45662
	937-695-0316 800-233-7891	937-795-0316 800-553-7393 Ext 261	740-289-2371	740-354-7544

Finding Number:	2022-005
Planned Corrective Action:	Consortium's Fiscal Agent shall maintain all invoices and proof of payment for all financial transactions and records should be maintained in an orderly manner to support all transactions.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2022-006
Planned Corrective Action:	Consortium's Fiscal Agent will ensure that supporting documentation will be maintained for all expenditures to ensure that each expenditure charged to the program is for an allowable activity/cost.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2022-007
Planned Corrective Action:	Consortium shall implement procedures to ensure quarterly reports are filed no later than the tenth calendar day of the second month following the quarter the report represents. In addition, all data reported thru these quarterly reports should be supported by the accounting system of the Fiscal Agent and County Financial Information System (CFIS). This practice was put into place on April 10, 2024.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton
Finding Number:	2022-008
Planned Corrective Action:	Consortium's Fiscal Agent Executive Director and Chief Fiscal Officer shall review and approve each invoice/payment in order to determine that expenditures are in accordance with grant requirements and Federal laws and such approval should be documented on each invoice/payment.
Anticipated Completion Date:	January 31, 2025
Responsible Contact Person:	Crystal Keaton

OHIO AUDITOR OF STATE KEITH FABER



SO CONSORTIUM

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 4/3/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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