

Audit Report

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**Department of Labor, Licensing and Regulation  
Division of Workforce Development**

January 2009

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**OFFICE OF LEGISLATIVE AUDITS**  
**DEPARTMENT OF LEGISLATIVE SERVICES**  
**MARYLAND GENERAL ASSEMBLY**

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Karl S. Aro  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Bruce A. Myers, CPA  
Legislative Auditor

January 9, 2009

Senator Verna L. Jones, Co-Chair, Joint Audit Committee  
Delegate Steven J. DeBoy, Sr., Co-Chair, Joint Audit Committee  
Members of Joint Audit Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Department of Labor, Licensing and Regulation– Division of Workforce Development (DWD) for the period beginning August 1, 2005 and ending June 30, 2008. DWD administers various employment and training activities, including certain workforce programs, that are primarily funded by the federal government.

Our audit did not disclose any findings.

We wish to acknowledge the cooperation extended to us by DWD during the course of this audit.

Respectfully submitted,

Bruce A. Myers, CPA  
Legislative Auditor



## **Background Information**

### **Agency Responsibilities**

The Division of Workforce Development (DWD) is a separate budgetary unit within the Department of Labor, Licensing and Regulation. DWD administers various employment and training activities that are primarily funded by the federal government. In particular, DWD has oversight responsibility for the implementation and administration of workforce programs. DWD facilitates employment opportunities through labor exchange and training services, and through labor market analysis information. DWD's headquarters is located in Baltimore City, and it has 33 local offices throughout the State. According to DWD's records, during fiscal year 2008, DWD's expenditures totaled approximately \$49.9 million.

## **Findings and Recommendations**

Our audit did not disclose any significant deficiencies in the design or operation of DWD's internal control. Nor did our audit disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

A draft copy of this report was provided to DWD. Since there are no recommendations in this report, a written response was not necessary.

## **Audit Scope, Objectives, and Methodology**

We have audited the Department of Labor, Licensing and Regulation (DLLR) – Division of Workforce Development (DWD) for the period beginning August 1, 2005 and ending June 30, 2008. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine DWD's financial transactions, records and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of materiality and risk. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of DWD's operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

Our audit did not include a review of certain support services provided to DWD by DLLR – Office of the Secretary. These support services, (such as, payroll, purchasing, and maintenance of accounting records) are included within the scope of our audits of the Office of the Secretary.

Our audit did not include an evaluation of internal controls for federal financial assistance programs and an assessment of DWD's compliance with federal laws and regulations pertaining to those programs because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including DWD.

DWD's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

AUDIT TEAM

**Paul R. Denz, CPA**

Audit Manager

**Amando J. Virata, CPA**

Senior Auditor

**Sandra C. Medeiros**

Staff Auditor