

U.S. Department of Labor

Office of Inspector General—Office of Audit

**SINGLE AUDIT
QUALITY CONTROL REVIEW**



**QUALITY CONTROL REVIEW OF THE
SINGLE AUDIT OF THE CHICAGO COOK
WORKFORCE PARTNERSHIP FOR THE
YEAR ENDED JUNE 30, 2022**

**DATE ISSUED: MAY 16, 2024
REPORT NUMBER: 24-24-003-50-598**



INSPECTOR GENERAL'S REPORT

George Wright
Chief Executive Officer
Chicago Cook Workforce Partnership
69 West Washington Street
Suite 2860
Chicago, IL 60602

Dear Mr. Wright:

The purpose of this report is to formally advise you of the results of a Quality Control Review (QCR) the U.S. Department of Labor (DOL) Office of Inspector General (OIG) conducted on the single audit of the Chicago Cook Workforce Partnership, which was completed by Evolve Financial I ("the Firm") under the Office of Management and Budget's (OMB) 2 C.F.R. Part 200 (Uniform Guidance)¹ for the year ended June 30, 2022.

Our objective was to determine if the audit was conducted in accordance with applicable standards, including generally accepted government auditing standards (GAGAS) and generally accepted auditing standards (GAAS), and met the requirements of OMB Uniform Guidance.

We determined the single audit report and audit work performed generally met the requirements of GAGAS, GAAS, and OMB Uniform Guidance. However, we found the Firm needs to improve its maintenance of audit documentation and correctly report the Type A/B Threshold on the data collection form.

Details on the results of our review are provided in the Enclosure. Since the Firm agreed with the matters noted and took the corrective actions necessary to properly address it, no official management response is required of the Firm. In providing this memorandum to the Firm, the OIG considers this review closed.

¹ Title 2 C.F.R. Part 200.0-200.521

We appreciate the cooperation and courtesies the Firm extended to us during this review.

Sincerely,



Carolyn R. Hantz
Assistant Inspector General for Audit

Enclosure

cc: Latonya Torrence
Director
Division of Policy, Review, and Resolution
Employment and Training Administration

Gregory Hitchcock
Audit Liaison
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Michael Sieczkowski
President and Owner
Evolve Financial I

Jose Mota
Controller
Chicago Cook Workforce Partners

Enclosure

**Quality Control Review
Single Audit of the Chicago Cook Workforce Partnership
for the Year Ended June 30, 2022
(24-24-003-50-598)**

DOL OIG conducted a QCR of the single audit of the Chicago Cook Workforce Partnership for the year ended June 30, 2022. A QCR is performed to provide evidence of the reliability of the single audit to the auditors of federal agency financial statements, such as those required by the Chief Financial Officers Act of 1990. The single audit conducted by the Firm covered the Workforce Innovation and Opportunity Act (WIOA) major program cluster.²

Table 1: Scope of the OIG’s QCR

DOL Major Program Sections Reviewed	Catalog of Federal Domestic Assistance (CFDA) Listing Number	DOL Major Funds Reported as Expended
WIOA Program Cluster	17.258, 17.259, 17.278	\$50,497,983

Source: Chicago Cook Workforce Partnership’s June 30, 2022, Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022, the Chicago Cook Workforce Partnership reported federal expenditures of \$85,815,076, which consisted of DOL funds totaling \$56,084,862 and non-DOL funds totaling \$29,730,214. The scope of the OIG’s QCR was the WIOA program cluster, equaling \$50,497,983 of the \$56,084,862 in total DOL funds.³

The single audit is an organization-wide audit or examination of a non-federal entity that expends \$750,000 or more of federal assistance received for its operations.

² Major Programs are critical to the single audit process, as they are the programs for which the Firm will be performing additional internal control work on and ultimately issuing a compliance opinion on as part of the single audit.

³ The remaining \$5,586,879 in DOL funds were used for non-major DOL programs, which were not tested by the Firm as part of the single audit.

Usually conducted annually, a single audit has three main objectives:

1. Perform an audit of the entity's financial statements and report on a separate Schedule of Expenditures of Federal Awards (SEFA) in relation to the entity's financial statements.
2. Conduct a compliance audit of federal awards expended during the year as a basis for issuing additional reports on compliance related to major programs and on internal control over compliance.
3. Follow up on prior audit findings by performing procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee.

RESULTS

We determined the single audit report and audit work performed generally met the requirements of GAGAS, GAAS, and OMB Uniform Guidance. However, we found the Firm needed to improve its maintenance of audit documentation and correctly report the Type A/B Threshold on the data collection form.

THE FIRM NEEDS TO IMPROVE ITS MAINTENANCE OF AUDIT DOCUMENTATION

While onsite, the Firm was unable to provide documentation supporting the planning and testing of the WIOA program cluster. The Firm lacked documentation supporting an understanding of the five components of internal control necessary to assess the risks of material noncompliance. With the exception of eligibility, the Firm was also missing documentation supporting the planning and testing of the WIOA program cluster internal controls. It was also missing the compliance requirements of activities allowed or unallowed, earmarking, period of availability, reporting, and subrecipient monitoring.

Without access to the necessary supporting documentation, we were unable to verify the number of transactions, the attributes tested, and the outcomes of the tests. Subsequent to our onsite review, the Firm developed and provided the necessary documentation supporting the planning and testing of the WIOA program cluster.

OMB Uniform Guidance states the following:

Audit documentation must be made available upon request to the cognizant or oversight agency for audit or its designee, cognizant agency for indirect costs, a Federal agency, or [the Government Accountability Office] at the completion of the audit, as part of a quality review, to resolve audit findings or to carry out oversight responsibilities consistent with the purposes of this part. Access to audit documentation includes the right of Federal agencies to obtain copies of audit documentation, as is reasonable and necessary.⁴

The Firm stated that the work was performed but not documented. The Firm felt it carried out the planning and testing of the WIOA program cluster sufficiently enough to support conclusions and render opinions. Two weeks later, the Firm provided us with the audit documentation supporting its understanding of the five components of internal control necessary to assess the risks of material noncompliance. The Firm also performed the necessary tests for the WIOA program cluster compliance requirements.

As a result of our review, the lack of documentation was corrected. Given this matter has been resolved, we do not suggest any further action related to this observation. However, the importance of this issue and the continued availability of documentation warranted inclusion in this report.

**TYPE A/B THRESHOLD INCORRECTLY
REPORTED BY THE FIRM ON THE DATA
COLLECTION FORM**

We found the Firm incorrectly reported the Type A/B threshold as \$750,000 instead of \$2,574,452 on the data collection form. This threshold is used to determine the major programs to be audited. However, our review of the audit documentation found the Firm applied the correct threshold in its testing procedures, despite having reported it incorrectly.

According to 2 C.F.R. § 200.518(b)(1), auditors must identify awards from the larger federal programs that exceeded the levels outlined (see Table 2) during the audit period. These programs must be labeled as Type A programs. The Type A/B threshold is the dollar threshold used to distinguish between Type A and Type B programs. Federal programs over the Type A/B threshold are the

⁴ 2 C.F.R. § 200.517(b)

larger federal programs and are referred to as Type A programs. Everything less than the Type A/B threshold are referred to as a Type B programs.

In addition, 2 C.F.R. § 200.518(d)(2) states “the auditor is not expected to perform risk assessments on relatively small programs. Therefore, the auditor is only required to perform risk assessments on Type B programs that exceed twenty-five percent (0.25)” of the Type A/B threshold. Table 2 presents the thresholds based on the significance of Type A program funding.

Table 2: OMB Uniform Guidance Type A/B Thresholds

Total Federal Awards Expended	Type A/B Threshold
Equal to or exceed \$750,000 but less than or equal to \$25 million	\$750,000
Exceed \$25 million but less than or equal to \$100 million	Total Federal awards expended times .03
Exceed \$100 million but less than equal to \$1 billion	\$3 million
Exceed \$1 billion but less than or equal to \$10 billion	Total Federal awards expended times .003
Exceed \$10 billion but less than or equal to \$20 billion	\$30 million
Exceed \$20 billion	Total Federal awards expended times .0015

Source: 2 C.F.R. § 200.518(b)(1)

Total federal awards expended by the Chicago Cook Workforce Partnership of \$85,815,076 were in excess of \$25 million but less than or equal to \$100 million. Therefore, the Type A/B threshold should have been \$2,574,452 (\$85,815,076 times .03). The Firm attributed its reporting of the incorrect threshold to an oversight. We found the Firm was aware of the Type A/B threshold requirements, as demonstrated by its correct calculation in the audit work papers. Although the reporting inaccuracy had no effect on the Firm’s audit work, it resulted in incorrect information being maintained on the federal database that is used to analyze information from all single audits.

The Firm agreed with the matter noted and provided us with the revised data collection form submitted to the Federal Audit Clearinghouse that reflected the corrected Type A/B threshold. Since the Firm has already taken corrective actions, we consider the matter resolved.

APPENDIX A: SCOPE AND METHODOLOGY

SCOPE

We performed a QCR of the Firm's single audit of the Chicago Cook Workforce Partnership's financial statements, SEFA, reports required by GAGAS, and OMB Uniform Guidance for the year ended June 30, 2022. Our QCR of the Firm covered \$50,497,983 in federal expenditures for the DOL WIOA major program cluster. We performed our work onsite at the Firm in Lombard, Illinois.

METHODOLOGY

We reviewed the single audit report using the Council of Inspectors General on Integrity and Efficiency's (CIGIE) *Guide for Desk Reviews of Single Audit Reports* and reviewed the supporting audit documentation using CIGIE's *Guide for Quality Control Reviews of Single Audits*. These guides were developed to ensure compliance with the requirements of OMB Uniform Guidance (including the compliance supplement), GAGAS, and the American Institute of Certified Public Accountants' (AICPA) *Audit Guide on Government Auditing Standards and Single Audits*.

We also reviewed the financial statements, compliance, and internal control reporting; SEFA; and Schedule of Findings and Questioned Costs. We also held discussions with the Firm to accomplish the required steps.

Specifically, we reviewed:

- Auditor Qualifications
- Independence
- Professional Judgment/Due Professional Care
- Quality Control
- Fieldwork
- Schedule of Federal Awards
- Determination of Major Federal Programs
- Schedule of Findings and Questioned Costs
- Summary of Prior Audit Findings
- Financial Statement Risk Assessment
- Financial Statement Identification and Evaluation of Audit Findings
- Communication of Financial Statement Audit Findings
- Compliance with AICPA Standards

- Considerations Related to Audit of Major Federal Program
- Sampling - Major Federal Program (Internal Control and Compliance)
- Testing of Internal Control Over Compliance
- Testing for Compliance with Direct and Material Compliance Requirements

We also reviewed the Firm's peer review applicable to the period of the audit.

CRITERIA

- OMB Uniform Guidance, 2 C.F.R. Part 200
- 2021 OMB Compliance Supplement
- AICPA Audit Guide on Government Auditing Standards and Single Audits
- Clarified Statements on Auditing Standards (AU-C)
- GAGAS, 2018 Revision

APPENDIX B: ACKNOWLEDGEMENTS

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