



October 15, 2012

Senator Kathleen Vinehout and
Representative Samantha Kerkman, Co-Chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Dear Senator Vinehout and Representative Kerkman:

This letter is in response to recommendations contained in the June 2012 Legislative Audit Bureau report on *State Economic Development Programs*. Specifically, the report made recommendations that the Wisconsin Technical College System (WTCS) report to the Joint Legislative Audit Committee on reasons it has not established additional rules related to the following:

- recouping payments, withholding payments, and imposing forfeitures on grant recipients; and
- requiring recipients of grants of at least \$100,000 to submit verified financial statements.

Under the statutory definition created by 2007 Wisconsin Act 125, the WTCS has only one economic development program; Workforce Advancement Training (WAT) grants. WAT grants are awarded to technical college districts to provide training that upgrades the skills and productivity of employees of established businesses operating in Wisconsin.

The WTCS has established administrative rules (TCS 17) and grant guidelines for efficiently administering the WAT grant program. WAT grant funds are distributed on a reimbursement basis after the training has been completed and the technical college district has provided information that substantiates reimbursable costs. Accordingly, the funds are already withheld until required information is provided and there are few instances where grant funds would need to be recouped. Moreover, establishing rules explicitly related to recouping payments, withholding payments, and imposing forfeitures on technical college districts for WAT grant administration would be redundant of WTCS powers already contained in both statute and administrative code. Specifically, §38.04 11(c) Wis. Stats., §38.28 (2) (d) Wis. Stats., and TCS 7.09 (c) Wis. Adm. Code, already give the WTCS broad authority to withhold state and federal funding from technical college districts for noncompliance or nonperformance.

Similarly, establishing rules requiring verified financial statements explicitly for technical college districts receiving WAT grants of at least \$100,000 would be duplicative of existing state statute and administrative code. It appears that the statute requiring verified financial statements



4622 University Avenue · PO Box 7874 · Madison, WI 53707-7874 · 608.266.1207
Wis. Relay System: 711 or 800.947.6644 Fax: 608.266.1690
e-mail: info@wtcsystem.edu · www.wtcsystem.edu · www.witechcolleges.org

Senator Kathleen Vinehout
Representative Samantha Kerkman
October 15, 2012
Page 2

anticipated grants would be made to recipients who were not subject to the State Single Audit requirements or did not have publicly available financial audits.

As local units of government and recipients of significant state and federal grant funding, the technical college districts are subject to an annual audit to ensure compliance with grant requirements. The Department of Administration annually promulgates the State Single Audit Guidelines which include audit requirements for 16 WTCS state funded programs, including WAT Grants. Under the Single Audit requirements, each technical college district is independently audited and must submit the results of the audit to the WTCS. In addition, each technical college must also have an annual financial audit as required by §38.12(5) Wis. Stats and TCS 7.08 Wis. Adm. Code, where the auditors express an opinion regarding the districts' financial statements. Moreover, TCS 7.05 Wis. Adm. Code requires public disclosure of financial information as part of the technical college districts' annual budget development processes.

Overall, existing WTCS statutory and administrative code enables the WTCS to comply with the administrative responsibilities for economic development programs without the need to establish additional rules specifically for the WAT grant program. If you have any other questions regarding the WAT grant program, please feel free to contact me at 266-1739.

Very truly,


James Zylstra,
Vice President of Finance and Administration

cc: Joe Chrisman, State Auditor