

November 30, 2005

To the Workforce Development Board Membership
Southwest Wisconsin Workforce Development Board, Inc.
Dodgeville, Wisconsin

This letter is being written to provide a response to the Management Letter from Wegner LLP, and their comments and recommendations for the Southwest Wisconsin Workforce Development Board as a result of the audit prepared for fiscal year ended June 30, 2005.

Negative Expenses

Recommendation: SWWDB staff periodically review its funds to ensure that expenses are reported properly and that negative expenses are a rare occurrence.

Recommended Action: Effective December 1, the Director of Finance will implement a monthly monitoring review of each individual expense account to assure that no negative expenses are reported.

Cash Management

Recommendation: The organization's unadjusted financial statements at year-end included a negative cash balance. It is recommended that Management develop a formal policy regarding cash management practices for the organization.

Recommended Action: The Director of Finance has reviewed bank reconciliations and has determined that the negative cash balance was a rare occurrence for SWWDB, and would normally only occur at the end of the fiscal year. Management recommends that the business line of credit (Policy No. C-350) be implemented in the event sufficient funds are not available to cover expenses.

Financial Reporting System

Recommendation: Wegner, LLP recommends that periodic financial reports be distributed that include information about the organization's cash position, expenses by account, and comparisons to budgeted amounts and previous results. It is also recommended that a non-board member with financial expertise be appointed to the Finance Committee.

Recommended Action: Financial reports are distributed to Board members each quarter. The reports include year to-date expenses by account and the report

ENCLOSURE 7, ATTACHMENT 3

compares actual expenses to the planned expenditures. A balance sheet is not included, but Management recommends that this be included in the reports reviewed with the Finance Committee quarterly. A balance sheet report will be included as a standing Finance Committee agenda item beginning in March 2006. The recommendation to add non-board members with financial expertise to the Finance Committee will be discussed with the Finance Committee at their March 2006 meeting. The Finance Committee will provide a recommendation to the full Board no later than the June 2006 board meeting.

The Southwest Wisconsin Workforce Development Board would like to thank Wegner LLP for their positive feedback and recommendations for opportunities to strengthen internal controls and operation efficiency. The Wegner LLP staff were helpful and very receptive to questions asked of them during the audit to move our agency forward.

Sincerely,

A handwritten signature in black ink that reads "Robert T. Borremans". The signature is written in a cursive style with a long horizontal line extending to the right.

Robert T. Borremans, Ed.D.
Executive Director

cc: Finance Committee Members
Wegner, LLP