

THE TRAINING SOURCE, INC.

**FINANCIAL AUDIT
OCTOBER 2005**

October 2005

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's annual current expense budget.

We have examined the books and records of The Training Source, Inc. for the period January 1, 2004 through December 31, 2004. Our examination included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances. We are not independent with respect to this grant as the Office of Audits and Investigations administers the grant for the Prince George's County Council.

We noted no matters involving the Prince George's County grant to The Training Source, Inc. that led us to believe that the County grant was spent for other than its intended purpose.

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This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 concerning random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, fiscal year 2004 Approved Current Expense Budget.

David H. Van Dyke, CPA
County Auditor

Mackenzie Lewis
Auditor-In-Charge

The Training Source, Inc.

The Prince George's County Government provided three grants totaling \$25,500 to The Training Source, Inc. for fiscal year 2004. The grant funds were received by the organization in May and July of 2004.

The Training Source, Inc. was founded in 1993, by a woman who had a desire to share her many skills and knowledge with those whose personal and professional growth and development would be enhanced by her talents as a former manager with two large corporations and those experiences and talents of her staff. The organization's goal is to assist others, who are less fortunate to realize their full potential in today's environment. The organization is incorporated as a 501(c) (3) non-profit business. It is a community-based organization whose mission is to provide superior training using state-of-the-art equipment and methodologies to meet individual and workplace development needs.

The Training Source provides personal, professional, and computer skills training services; training needs assessments, and job preparation and placement services. These services have been provided to those students, who have completed the organization's program which has enabled them to be productive employees to state and local governments, small and large organizations as well as private individuals. The feedback from these organizations has been very favorable. The organization is segmented into five programs as follows:

- Job Preparation and Placement Assistance delivers comprehensive employment training to unemployed residents primarily in Prince George's County, and job placement services to match employer needs with program graduates.
- Training Needs Assessments includes identification of skill deficiencies and requirements, recommendations to the development of needed skills, and recommendations of post-training activities to implement newly developed skills in the workplace upon graduation.
- Management Development Training enhances the effectiveness and efficiency of existing staff for organizational success.
- Employee Development Training develops professional skills and motivates employees to be more productive and committed.
- Computer Skills Training develops technical training at the appropriate level for learner comprehension and confidence.

We examined the records maintained by The Training Source and included tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances. Consideration was given to the fact that an independent audit had not been performed on The Training Source's financial statements for the year ending December 31, 2004, and therefore we examined the organization's operating procedures and bookkeeping practices in more detail. Our examination included a review of the organization's checking account, contract receivables, grant contributions, expense accounts, employee salaries, and year-end bank reconciliations.

We also performed a review and examination of the organization's employee salaries for 2004. We recalculated the salaries of all employees based on hourly wages and employee time sheets for the 26 pay periods in 2004. We found that the salaries for all full time employees recorded on their W-2 forms were inaccurate. Additional

income for teaching classes were not included on the employees annual wages shown on their 2004 W-2s. The organization's total wages should have been \$204,982 compared to the 2004 W-2 organization wage total of \$196,703, which represents a difference of \$8,279 or 4.04%. We recommend:

- 1. The Executive Director consider recalculating the employees' salaries for 2004 and issuing a corrected W-2 to each employee.**

The following Statement of Revenue and Expenditures for the period January 1, 2004 through December 31, 2004, shows the activities of the organization for the period in which the fiscal year 2004 grant funds were utilized. This statement was prepared on a cash basis.

THE TRAINING SOURCE, INC.
STATEMENT OF REVENUE AND EXPENDITURES
(CASH BASIS)
FOR THE PERIOD JANUARY 1, 2004 THROUGH DECEMBER 31, 2004

REVENUES:

Maryland Grants	\$186,529
Federal Grants	154,116
Prince George's County Grants	25,500
Other Contributions	23,588
Other Income	459
Total Revenues	<u>\$390,192</u>

EXPENDITURES:

Salaries	\$204,982
Administrative Cost	34,206
Depreciation Allowance	18,544
Employees' Taxes	15,371
Condo Fees	10,140
Contract Labor	8,323
Program Cost	7,212
Training Materials	5,633
Utilities	5,181
Employees Benefits	5,016
Equipment Leases	3,933
Janitorial & Trash Services	3,395
Building Repairs	1,855
Equipment Maintenance	1,676
Business Travel & Entertainment	562
Miscellaneous	510
Total Expenditures	<u>\$326,539</u>

Excess Revenues Over Expenditures	<u><u>\$63,653</u></u>
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