North Carolina
Department of Commerce
Division of Employment and Training

Michael F. Easley, Governor
James T. Fain III, Secretary

Alan Alexander, Director

March 25, 2003

Mr. Robert R. Wallace
Regional Inspector General for Audit
U.S. Department of Labor - OIG
61 Forsyth Street, S.W., Room 6T20
Atlanta, Georgia 30303 -3104

Dear Mr. Wallace:

I received your draft report numbered 04-03-012-03-390 on March 6, 2003. The only comment I wish to make concerns your statement that the State charges expenditures to WIA on a First-In-First-Out (FIFO) basis, rather than matching Program Year (PY) expenditures with the grants applicable to the period in which the expenditure accrued.

North Carolina matches and tracks Program Year (PY) expenditures by Program Year (PY) Allocations. However, the State of North Carolina does utilize the First-In-First-Out (FIFO) method to charge and report expenditures to the split funding sources within each Program Year Allocation, i.e. -PY/ FY funding. We have concluded that it is impracticable to operate the program any other way.

We would also like to take this opportunity to express our appreciation for the professional manner in which the auditors conducted this review.

Sincerely,

Alan Alexander

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