Appendix A
Response to Draft Report by Telamon Corporation – West Virginia

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November 10, 2003

Deborah Outten-Mills, Director
National Audit and Evaluations Office
U.S. Department of Labor
Office of Inspector General
200 Constitution Avenue, NW, Room N-5620
Washington DC 20210

Re: Report No. 21-03-020-03-365

Dear Ms. Outten-Mills:

This is to respond to the above-referenced audit report, addressed to Karen E. Hoff, West Virginia State Director. The auditors reviewed documentation for Grant Number AC-10737-00-55, issued under authority of the Workforce Investment Act of 1998 (WIA) in the amount of $217,725 for Program Year 2000.

Although the review determined that performance information was accurate and substantiated, the report includes questioned costs for services to National Farmworker Jobs Program customers in the amount of $1,566 based on a determination by the auditors that available documentation in files did not allow them to verify eligibility. Further, the report questioned costs of supplies for the state office in Martinsburg in the amount of $3,781 based on a determination that the costs should have been charged to other grant awards. Total costs questioned were $4,753. Specific notations as well as responses follow.

Ineligible Participants - Finding

Auditors questioned and requested recovery of $1,566 in grant changes for participant services based on a conclusion that applicant files reviewed did not prove eligibility as they did not contain copies of documentation required by grant regulations to support eligibility. The report does not provide specific information as to which files comprise the finding's characterization, but it is presumed from preliminary discussions with reviewers that eligibility is questioned in a number of cases where notations of identification, INS and Social Security cards are made but no photocopies are provided.

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Statements in the report include:

- "The files in question lacked identification, social security cards, and/or INS documents necessary to establish legal work status. Since we were unable to verify the eligibility of the participants we questioned the unsupported costs."

Inadequate Documentation – Response

Our system and procedures for determining and documenting eligibility of NFJP applicants is constructed on the basis of the Workforce Investment Act, regulations at §669, Policy Guidance published at Bulletin 00-02 and sound business practice. Specific procedures for all functions of all NFJP activities, including eligibility determination, are published in the corporation's WIA Operations Manual. With respect to verification of available supplemental documentation, procedures are like those of law enforcement agencies. In this regard, manual instructions say:

> "Determination of eligibility should be supported by available documentation showing authorization to work, draft registration, work history and income level. Copies should be made of all available documents for the customer service folder, and notation should be made on each copy concerning whether it has a seal, is notarized, or otherwise appears to be authentic. In no case should we keep (*emphasis added)* original documents such as I-9's, draft registrations, or documentation showing work history and income including check stubs, W-2's, or other income tax forms."

The foregoing instruction takes into account the probability that, unlike applicant contacts in local offices, outreach to remote labor camps would be done without benefit of electronic photocopiers. In these cases, employees are instructed to view documents and record their identifying alpha-numeric characters (i.e. license and social security numbers, authorization card symbols, etc.). On the application form itself (Exhibit A) there is clear direction to note both the documents viewed and their identifiers. It is further critical to note that neither keeping nor copying documents is required in verification instructions from the Department of Labor.

"Attestation," as described in Bulletin 00-02 is "…a statement attesting that the information provided to the grantee for making its determination of the applicant's eligibility to receive services, is true and accurate to the best of his/her knowledge." Further, the Bulletin states that "The applicant authenticates the information by signing the certification statement used by the grantee." With respect to the auditors' contention that no applicants' attestations were recorded, we contend that each and every applicant for NFJP services from Transition Resources must certify that the information they have provided is true and accurate. On the application form (Exhibit B), above the applicant signature line, the statement reads:

"I authorize Telamon/Transition Resources to share information I have provided with other WIA One-Stop partners. I authorize access to any information concerning myself that is available from other WIA partners. This information is subject to review and verification, and I may have to provide documents to support it. I am aware that I may be denied services if and when I am found ineligible to receive services, and that I may be prosecuted if I have given false information. I all release of this information for verification purposes. I understand this statement as it has been read or explained to me. I have received a copy of complaint procedures."

We believe that procedures in place to verify available eligibility documents of all applicants, including those who make contact with outreach staff in remote areas, are adequate and in compliance with regulations and other guidance for the NFJP. As indicated above, subsequent independent reviews of eligibility documents provide another opportunity to identify and correct mistakes. It is further notable that the reviewers recognized that funds expended in these cases were nominal emergency assistance amounts; and that when participants desire to enter training, additional verification procedures are in place to prevent misexpenditures on ineligible applicants. In this regard, we request relief of these questioned costs under sections 184 (c) and (d) of the Workforce Investment Act and section 677.720 of WIA regulations.

Distribution of Supply Cost Charges – Findings

Auditors questioned and requested recovery of $3,781, the portion of $4,660 expended for supplies for the state office in Martinsburg. Specifically, the report states:

- "TCWV has developed a methodology for allocating certain direct costs that benefit more than a single cost objective. This methodology involves using an internally generated report called a 'labtag' report which details the distribution of time spent in an office on each cost objective…" However not all costs are allocated using this methodology, and we take exception to certain costs that were charged in full to the WIA grant that we feel should have been allocated using the established methodology."

Supply Cost Charges – Response

We agree that the established methodology for allocation of costs of the supplies in question should have been applied. At the time of the purchase, expediting such orders included optional targeting of affected grants or projects when specific benefits were appropriate. In this case, that option was applied in error. Since then, the allocation procedure has been revised to require application of the assignment methodology unless justification is otherwise provided.

Summary

We believe that Telamon employs fiscal systems more than adequate to safeguard federal funds, though they may be subject to error from time to time. The supply purchase allocation error resulted from a single action, not typical of nor exemplifying systems in place on a day to day basis. Once identified, it was corrected.

In the same way, we believe that systems in place are adequate to make sound determinations of eligibility for the National Farmworker Jobs Program, including quick and direct action to end services if subsequent reviews or information tell us that a mistake was made. We cannot explain why the auditors have claimed that our eligibility determination system does not include information certifications signed by program applicants.

We do not believe that the errors noted in the report could be characterized as willful disregard of requirements, gross negligence or failure to observe accepted standards of administration; and we hope the Department will agree.

Thank you for the opportunity to answer these findings.

Sincerely,

Richard A Joanis
Executive Director

c: Karen E Hoff
Alina Walker

EXHIBIT B

1. OFFICE NUMBER

TELAMON CORPORATION
TRANSITION RESOURCES CORPORATION

2.. PROGRAM
[ ] ADULT 167
[ ] YOUTH
[ ] OTHER

APPLICATION FOR ENROLLMENT PART I

3. NAME OF APPLICANT _____ 4. SOCIAL SECURITY # _____-_____-_____

5. APPLICANT IS A : [ ] FARMWORKER, OR A
[ ] DEPENDENT OF _____ SOCIAL SECURITY # _____-_____-_____

6. IF APPLICANT IS A DEPENDENT, IS THE FARMWORKER ENROLLED IN THE ADULT 167 PROGRAM? [ ] YES [ ] NO

7. **FARMWORKER WORK HISTORY – MUST INCLUDE 12 CONSECUTIVE MONTHS** (See Field Manual for Instructions)

EMPLOYER INFORMATION	DATES		NUMBER OF DAYS		AMOUNT RECEIVED	
	FROM	TO	FARM	NON-FARM	FARM	NON-FARM
NAME: **ADDRESS:** **ACTIVITY:**						
NAME: **ADDRESS:** **ACTIVITY:**						
NAME: **ADDRESS:** **ACTIVITY:**						
NAME: **ADDRESS:** **ACTIVITY:**						
	TOTALS					

TOTAL FARMWORKER INCOME	
TOTAL OTHER FAMILY INCOME	
TOTAL INCOME	
GUIDELINE AMOUNT	

8. [ ] **CHECK IF ATTACHMENT A IS REQUIRED**

9. TOTAL NUMBER IN THE FAMILY [ ]

10. **CERTIFICATION**

I AUTHORIZE TELAMON/TRANSITION RESOURCES TO SHARE INFORMATION I HAVE PROVIDED WITH OTHER WIA ONE-STOP PARTNERS. I AUTHORIZE ACCESS TO ANY INFORMATION CONCERNING MYSELF THAT IS AVAILABLE FROM OTHER WIA PARTNERS. THIS INFORMATION IF SUBJECT TO REVIEW AND VERIFICATION AND I MAY HAVE TO PROVIDE DOCUMENTS TO SUPPORT IT. I AM AWARE THAT I MAY BE DENIED SERVICES IF AND WHEN I AM FOUND INELIGIBLE AND THAT I MAY BE PROSECUTED IF I HAVE GIVEN FALSE INFORMATION. I ALLOW RELEASE OF THIS INFORMATION FOR VERIFICATION PURPOSES. I HAVE READ AND UNDERSTOOD THIS STATEMENT OR IT HAS BEEN EXPLAINED TO ME. I HAVE RECEIVED A COPY OF COMPLAINT PROCEDURES.

APPLICANT'S SIGNATURE OR MARK _____ DATE ____/_____/_____

11. APPLICANT IS ELIGIBLE [ ] YES [ ] NO 12. EMPLOYEE SIGNATURE _____

13. EMPLOYEE NUMBER _____ 14. REVIEWER'S SIGNATURE _____

15. **RECERTIFICATION**: REQUIRED AFTER 60 DAYS IF NO SERVICES HAVE BEEN GIVEN.

I, _____ CERTIFY THAT NONE OF THE INFORMATION ON MY APPLICATION FORMS HAS CHANGED.

DISTRIBUTION: ORIGINAL TO THE CORPORATE OFFICE – COPY TO LOCAL OFFICE FILES

EXHIBIT B

1. OFFICE NUMBER

TELAMON CORPORATION
TRANSITION RESOURCES CORPORATION

2.. PROGRAM
[ ] ADULT 167
[ ] YOUTH
[ ] OTHER

APPLICATION FOR ENROLLMENT PART I

3. NAME OF APPLICANT _____ 4. SOCIAL SECURITY # _____-_____-_____

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