COMMISSIONERS
J. William McLeod
Becky D. Richardson
McKinley Washington, Jr.

EXECUTIVE DIRECTOR
Roosevelt T. Halley
803.737.2617

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1550 Gadsden Street
Post Office Box 995
Columbia, South Carolina 29202

June 13, 2005

Mr. Michael K. Yarbrough
Regional Inspector General for Audit
U.S. Department of Labor – OIG
61 Forsyth Street, S.W., Room 6T20
Atlanta, Georgia 30303-3104

SUBJECT: Goodwill Industries of Lower South Carolina
Draft Audit Report No. 04-05-001-03-386

Attached is the response of the South Carolina Employment Commission and Charleston County to above referenced draft audit report prepared by your office. This response addresses all the findings and recommendations contained in the report

If you have any questions, please contact Abraham S. Khalil at (803) 737-2674 or Sam Davenport at (803) 737-2675

Sincerely,

Roosevelt T. Halley

Roosevelt T. Halley
Executive Director

ASK/srd
Attachment
cc: Jean Sullivan
ESC-2

CHARLESTON COUNTY
SOUTH CAROLINA

Evelyn DeLaine-Hart
Director

GRANTS ADMINISTRATION

843.202.6960
Fax: 843.202.6961
Lonnie Hamilton, III Public Services Building
4045 Bridge View Drive
North Charleston, SC 29405-7464

June 10, 2005

Mr. Samuel R. Jordan,
SWIAD Director
SC Employment Security Commission
1550 Gadsden Street
Columbia, South Carolina 29202

RE: Complaint Involving the Goodwill Industries of Lower South Carolina Draft Report No. 04-05-001-03-386

Dear Mr. Jordan:

Please find attached a copy of Charleston County Grants Administration's response to the draft audit report of Goodwill Industries of Lower South Carolina. The response was completed in coordination with staff at Goodwill Industries.

If any additional information is needed, please contact Jean Sullivan at 202-6960.

Sincerely,

Evelyn DeLaine Hart

Evelyn Delaine Hart
Grants Administrator

Charleston County Grants Administration
Response to Audit Findings for Goodwill Industries
June 9, 2005

Finding 1: Invoices Contained Duplicate Costs

This finding is based on the fact that Goodwill staff submitted an invoice for January 2003 in the amount of $24,004.30. This invoice was also inadvertently filed again to support their matching requirements. After the error was brought to their attention Goodwill completed a detailed ledger with all costs of the Welfare to Work Program (W-t-W). This ledger was reviewed by the auditor from Office of Inspector General (OIG) and Charleston County Grants Administration. Based on this information, the total expenditures for which Goodwill was not reimbursed exceeded their match requirements. A detailed monitoring of this ledger has not taken place, but Charleston County plans to review the actual costs submitted in the report.

Charleston County is requesting that the Employment and Training Administration (ETA) allow Goodwill to use the W-t-W costs they accumulated to support their match requirements. While we do agree with the OIG auditor that these costs were not "reported" during the grant period, they were "expended" during the grant period. We do not believe allowing this will violate ETA's Guidance Letter No. 19-03 pertaining to close out, which states that no Federal funds will be available to pay late claims; in this case no additional funds are being requested.

We respectfully submit that consideration be given to Goodwill's mission and willingness to contribute to the citizens of this area. Goodwill provided the local area with a way to access $389,000 for the benefit of those most in need of assistance. We do not feel that they should be penalized for this inadvertent error.

Finding 2: Costs Charged for Job Readiness were not supported:

After a lengthy and careful review, Goodwill is still unable to substantiate the charges for the Job Readiness class in the amount of $20,500. These funds will be returned to ETA. As to the auditors contention that "the appearance of this large sum at the end of the contract period warranted further scrutiny", the County submits that this sum did not appear out of the ordinary due to the fact that the program was ending and all participants had to be placed in jobs. Also, due to the nature of the W-t-W program we did not consider it unusual that Goodwill had not previously reported any costs for job readiness.

Finding 3: Contract Modifications Were Missing:

Charleston County Grants Administration will establish written policies and procedures that prevent grant funds from being paid to contractors without verifying that contracts and modifications have been returned and signed by the contractor.

Also in the event that Charleston County allows an agency to provide the match requirements for any federal program, policies and procedures will be established to prevent grant expenditures from being paid and also claimed as match.

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COMMISSIONERS
J. William McLeod
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SC EMPLOYMENT SECURITY COMMISSION

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1550 Gadsden Street
Post office Box 995
Columbia, South Carolina 20202

June 22, 2005

Mr. Tyrone Wells
Supervisor, Reporting Unit
U.S. DOL/Office of Financial Administration Management
Frances Perkins Building, Room N4702
200 Constitution Avenue
Washington, D.C. 20210

SUBJECT: Goodwill Industries of Lower South Carolina
Draft Audit Report No. 04-05-001-03-386
Grant #Y6455-8-00-81-50/60
Year of Funds PY99 Welfare-to-Work

Dear Mr. Wells:

Enclosed is check #30382 in the amount of $20,500 from Goodwill Industries of Lower South Carolina. The check represents the refund to costs disallowed in the above referenced draft audit. We are requesting that you deposit this check immediately to ensure that funds are available in the account.

If you have questions, please call Abraham S. Khalil, Director of Internal Audit and Review at (803) 737-2674.

Sincerely,

Roosevelt T. Halley

Roosevelt T. Halley
Executive Director

ASK/srd
Enclosure
cc: Mr. Michael K. Yarbrough
Mr. Jim Schlottman