APPENDIX D

AGENCY RESPONSE TO DRAFT REPORT

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March 28, 2006

Mr. Mark L. Schwartz
Regional Inspector General
for Audit
21 Varick Street Room 871
New York, New York 10014

RE: OIG Report Number 02-06-201-03-386

Dear Mr. Schwartz:

Thank you for the opportunity to respond to the audit report prepared by the team led by Ms. Cardelia Tsoi. I appreciate their dedication and professionalism and commend them for their patience during the audit process.

First, I would like to assure the Inspector General and ETA that there was no misappropriation of funds and all amounts were spent for the benefit of the program and its participants. During the course of the grant an electrical fire at the program site required the immediate search for a new facility and as little service disruption as possible. This circumstance, as well as two subsequent moves of NPRF's administrative offices and one move of the Chicago office, impacted the availability of some of the required documentation needed for the auditors to examine.

As the review notes, there were areas of miscommunication, especially with respect to approvals, and less than adequate record keeping that NPRF acknowledges and will put in measures to ensure that these do not repeat in managing future Federal contracts.

The fire that disrupted the base of operations in NYC led NPRF to promptly inform the FPO, including plans to restore services as quickly as possible. It was anticipated in this communication that while NPRF would independently raise some of the money required to restore services, the bulk of it would come from the program funds since the Welfare-to-Work was the major activity and beneficiary of the program. There were inspections of the new facilities by the FPO upon successful relocation.

Perhaps NPRF's overriding objective to resume services made it overanxious in its communications with the FPO. The point stands though that there was definitely a communication, NPRF was able to meet the FPO's pressure to find a new facility, resume services, and meet its contractual goals. NPRF admits some procedural missteps that may have been committed.

The Inspector General's report acknowledges that NPRF exceeded its goals and contractual requirements with respect to placing former welfare recipients into jobs. In addition, the report notes that the participants in the program were bona-fide and eligible participants. NPRF appreciates these findings and stresses that the objective to place Latino and Latina welfare recipients into gainful employment were paramount and spared no activity to achieve this goal.

As the auditors will verify, our records documented extensive case management, educational coursework, and job readiness assistance that led to employment of 198 TANF recipients above the goal of 324; and, 1144 persons were served above the goal of 400. While there were extenuating circumstances (the fire and moves) that made it impossible for all documentation to be provided to the auditors, I have no doubt that the service levels reported by NPRF are correct as program supervisors were required to submit on a monthly basis extensive documentation of the number of individuals served and employment confirmations. A summary of this data was then included in the quarterly reports to ETA.

Each program file of individuals employed contains an employment confirmation form that includes the following data: name of employer, location of employment, job title, annual or hourly salary, and the date of employment. Verification of employment was obtained by the Human Resource Administrations of Chicago and NYC once the employment confirmation document was forwarded to them by NPRF. While this was an excellent method of check and balance, the contract did not require the local municipalities to forward to NPRF written documentation of the verifications. In hindsight, this was an error on our part; however, since individuals were placed in bona-fide jobs which was verified by government entities within 30 days of employment, I can understand why at the time NPRF did not demand a written copy of our employment placements verifications.

NPRF acknowledges that all the funds were spent to meet and even exceed its contractual obligations and requests that the questioned costs be waived since its imposition will deprive a growing population of services from an organization they have come to trust for nearly 50 years. To require a recovery of $424,080 would impose an impossible burden on the organization that will surely cause its demise to the loss of the traditional customers of NPRF.

I appreciate your consideration of the circumstances that led to the audit findings and look forward to hearing from ETA regarding our request for a resolution of the questioned costs.

Sincerely,

Gladys Padró-Soler
Executive Director