

**TELAMON CORPORATION
WEST VIRGINIA**

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**AUDIT REPORT ON
U.S. DEPARTMENT OF LABOR GRANT
NUMBER AC-10737-00-55**

Performance Audit for
Program Year July 1, 2000 through June 30, 2001

This audit was performed by Harper, Rains, Knight & Company, P.A., under contract to the Inspector General, and, by acceptance, it becomes a report of the Office of Inspector General.

Ernest P. Lewis

Assistant Inspector General for Audit

Report Number: 21-04-003-03-365

Date Issued: March 10, 2004

Mr. Elliot P. Lewis
Assistant Inspector General
for Audit
Office of Inspector General
U.S. Department of Labor
Washington, D.C. 20210

We were engaged to perform a performance audit of National Farmworker Jobs Program Grant AC-10737-00-55 awarded to Telamon Corporation - West Virginia (TCWV) by DOL. The audit was to determine whether the costs claimed by TCWV for the period July 1, 2000 through June 30, 2001, were reasonable, allowable, and allocable under the cost principles set forth in OMB Circular A-122 and grant guidelines and whether the performance reported was accurate and properly supported. We were also to report our findings and recommendations in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Such standards require that we objectively and systematically examine evidence to provide an independent assessment of the performance of a government organization, program, activity, or function. We believe our audit provides such an assessment.

This performance audit was designed to provide reasonable assurance about compliance with significant laws, regulations, and other compliance requirements and to obtain an understanding of management controls that are relevant to the audit. For those management controls determined to be significant to the audit, we obtained sufficient evidence to support our judgments about those controls. An audit made in accordance with these standards provides reasonable assurance that its objectives have been achieved; but it does not guarantee the discovery of illegal acts or abuse. Our findings section of the performance report provides our conclusions on TCWV's compliance and controls.

February 8, 2002

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ACRONYMS

CFR	-	Code of Federal Regulations
DOL	-	U.S. Department of Labor
DMSF	-	Division of Migrant and Seasonal Farmworkers
ETA	-	Employment and Training Administration
FSR	-	Financial Status Report
NFJP	-	National Farmworker Jobs Program
OMB	-	Office of Management and Budget
OIG	-	Office of Inspector General
TCWV	-	Telamon Corporation of West Virginia
WIA	-	Workforce Investment Act

EXECUTIVE SUMMARY

The U.S. Department of Labor (DOL), Office of Inspector General (OIG), contracted with Harper, Rains, Knight and Company, P.A., to perform an audit of the Workforce Investment Act's National Farmworker Jobs Program to determine whether the program was operating in accordance with applicable regulations. DOL provides 53 grants to states and nonprofit organizations to operate the program within 48 states and Puerto Rico. We selected a statistical sample of nine grantees for review with the audit objectives to determine that the direct and indirect costs claimed for reimbursement by these grantees were reasonable, allowable and allocable under the cost principles set forth in *OMB Circular A-122*, or *OMB Circular A-87*, as applicable, and grant guidelines, and to determine performance reported was accurate and properly supported. The Program was audited for program year 2000 (July 1, 2000 through June 30, 2001).

This report discusses the results of our audit of Telamon Corporation - West Virginia (TCWV) under DOL Grant Number AC-10737-00-55. Under the authority of the Workforce Investment Act of 1998 (WIA), DOL's Employment and Training Administration (ETA) awarded TCWV a grant in the amount of \$217,725 to provide training and services to eligible migrant and seasonal farmworkers throughout the State of West Virginia to strengthen their ability to achieve economic self-sufficiency. TCWV operates from three offices, an administrative headquarters along with an additional office in Martinsburg, as well as an office in Romney.

We found: (1) that participant files did not contain adequate documentation to allow us to determine their eligibility, and we question the costs paid to these participants, (2) that some costs not directly attributed to the Farmworker Program were charged against the Farmworker Grant, rather than to all programs that benefited, (3) that the grantee had a questionable policy of allowing farmworkers to certify other farmworker's farmwork history, and (4) the performance reported was accurate and supported.

Findings

1. Inadequate Documentation in Participant Files

We question \$1,566 charged to the DOL grant because TCWV provided services to 13 participants whose files did not contain sufficient documentation to allow the auditors to verify their eligibility. The questioned costs consisted solely of payments to participants for related assistance.

2. Costs Were Not Equitably Distributed Among Cost Objectives

We question \$3,781 because TCWV failed to allocate costs that benefited more than one grant.

3. Improper Verification of Participants' Work History

We question the practice of allowing participants to verify farmwork of other participants when they were not employed by the same employer and at the same time. We noted that one participant signed employment verifications for seven other participants, but that participant was not working for the same employer as the other participants she was attesting to during the time period covered by the verifications.

4. Performance Data Reviewed Were Accurate and Properly Supported

We reviewed the data reported by TCWV on the Program Status Summary to determine whether this information was accurate and properly supported. We were able to both verify the overall totals reported to supporting documents and also verify the type of outcomes reported for individual participants that were selected in our sample testing.

Auditee's Response

TCWV provided a written response included as Appendix A in this report. TCWV disagreed with Finding 1, agreed with Finding 2, and did not respond to Finding 3.

In response to our finding that costs were not equitably distributed among cost objectives, TCWV states it is requiring the allocation procedure to use the "assignment methodology," unless otherwise justified.

Auditors' Conclusion

No changes in our position were made as a result of the auditee's response.

Recommendations

We recommend that the Assistant Secretary for Employment and Training:

1. Recover \$1,566 in questioned costs related to insufficient documentation to allow the auditors to verify eligibility for 13 participants (Finding 1).
2. Recover \$3,781 in questioned costs and require TCWV to strengthen controls that will ensure that all expenditures benefiting multiple cost objectives, not just recurring overhead costs, are distributed among those objectives equitably. (Finding 2)
3. Require TCWV to strengthen its controls over the participant eligibility verification process by ensuring that if the employer cannot be reached to verify the employment, the individual certifying the prior employment has knowledge of that employment. (Finding 3)

INTRODUCTION AND BACKGROUND

The Division of Migrant and Seasonal Farmworkers (formerly the Division of Seasonal Farmworker Programs) within ETA is responsible for administering the National Farmworker Jobs Program (NFJP). The intent of NFJP, under section 167 of the Workforce Investment Act, is to strengthen the ability of eligible migrant and seasonal farmworkers and their families to achieve economic self-sufficiency through job training and other related services that address their employment related needs. Assistance from the NFJP is accessed through the NFJP grantee partners and local One-Stop Centers.

TCWV, a 501(c)(3) organization, serves migrant and seasonal farmworkers and their families under the provision of the WIA grants. Telamon-West Virginia reported providing training and services to 56 migrant farmworkers in the State of West Virginia during the program year. Of this number, 15 were reported as having entered unsubsidized employment. Within the State of West Virginia, TCWV administers NFJP from three offices: an administrative headquarters along with additional offices in Martinsburg and Romney. TCWV provides core, intensive and training services to eligible farmworkers, including literacy and cognitive development programs in both Spanish and English for the farmworkers and their families.

TCWV was awarded a grant in the amount of \$217,725 to provide training and services to eligible migrant and seasonal farmworkers. Core services include outreach, admission and orientation of farmworkers, as well as emergency assistance needed by farmworkers to sustain their participation in the agricultural workforce. Intensive Services include in-depth assessments and the development of an Individual Employment Plan based upon those assessments. Training services are usually in the context of a classroom environment and are provided by institutions that subcontract with TCWV on a per-participant basis, according to the objectives of the participant's Individual Employment Plan.

OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objectives of our audit were to determine whether the costs claimed by TCWV for the period July 1, 2000 through June 30, 2001, under the DOL grant were reasonable, allowable, and allocable under the cost principles set forth in OMB Circular A-122 and grant guidelines, and to determine whether performance reported was accurate and properly supported.

Our audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our audit included such tests of the accounting records and other accounting procedures, as we considered necessary in the circumstances.

Our audit was performed using the criteria we considered relevant. These criteria included those established by the Federal Government in: OMB Circulars A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Non-Profit Organizations*, and A-122, *Cost Principles for Non-Profit*

Organizations; the Workforce Investment Act of 1998 (WIA); 20 CFR Part 669 National Farmworker Jobs Program under Title 1 of the WIA; and 29 CFR Parts 95 and 96, Administrative Requirements and Audits of Federally Funded Grants, Contracts, and Agreements.

Management Controls

To meet the aforementioned objectives, we reviewed management controls over relevant transaction cycles. Our work on established management controls included obtaining and reviewing policies and procedures manuals, interviewing key personnel, and reviewing selected transactions to observe the controls in place. Our testing related to management controls was focused only on the controls related to our audit objectives of reviewing the reported cost and performance data and was not intended to form an opinion on the adequacy of management controls, and we do not render such an opinion. Weaknesses noted in our testing are discussed in the **Findings** section of this report.

Compliance with Laws and Regulations

In order to determine compliance with the above-mentioned laws and regulations, we performed detailed tests of transactions and tested a sample of participants who were enrolled in the program during our audit period. Our detailed tests of transactions included both analytical review and substantive tests of accounts. Our testing related to compliance with laws and regulations was focused only on the laws and regulations relevant to our audit objectives of reviewing the reported cost and performance data and was not intended to form an opinion on the compliance with laws and regulations as a whole, and we do not render such an opinion. Instances of non-compliance are discussed in the **Findings** section of this report.

Our sample universe of participants included all participants enrolled during the period. In program year 2000, TCWV served 56 participants, of whom 26 were terminated during the year. Unsubsidized employment placements comprised the largest group of those exiting with a total of 15 participants (58 percent). The remainder was comprised of seven other terminations (27 percent) and four receiving support services only (15 percent). We reviewed a sample of 42 participant files. Our sampling technique was a random selection so that all participants had an equal chance of being selected. Procedures performed on the selected participants included reviewing the eligibility determination, reviewing the types of services provided and the costs of those services, and reviewing the program outcome for those exiting the program.

The costs and performance reported by TCWV are presented on the Schedules of Costs Reported and Performance Reported in this report. These schedules, included as Schedules A and B, respectively in this report, are based on the information reported to ETA in the Financial Status Report and the Program Status Summary.



HARPER, RAINS, KNIGHT
& COMPANY

Mr. Elliot P. Lewis
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This performance audit was designed to provide reasonable assurance about compliance with significant laws, regulations, and other compliance requirements and to obtain an understanding of management controls that are relevant to the audit. For those management controls determined to be significant to the audit, we obtained sufficient evidence to support our judgments about those controls. An audit made in accordance with these standards provides reasonable assurance that its objectives have been achieved; but it does not guarantee the discovery of illegal acts or abuse. Our findings section of the performance report provides our conclusions on TCWV's compliance and controls.

Harper, Rains, Knight & Company, P.A.

February 27, 2004

FINDINGS

FINDING 1: Inadequate Documentation in Participant Files

During program year 2000, TCWV provided training and services to 56 participants. For 13 participants (31 percent of our sample), we were unable to determine their eligibility, because their files lacked evidence to support either their work authorization or selective service registration status.

A migrant farmworker is a seasonal farmworker whose agricultural labor requires travel to the job site without being able to return home to his/her permanent residence the same day.

To be eligible under NFJP, a person must be (1) a disadvantaged migrant or seasonal farmworker, or their dependent who has been primarily employed in agricultural labor that is characterized by chronic unemployment or underemployment during the 12-month eligibility period (12 months within the 24 months immediately preceding the application for services), and (2) a citizen, or someone authorized by the Attorney General to work in the U.S. Also, all male applicants must have registered for military selective service.

13 of 42 Participants (31 percent) Sampled Were Not Properly Documented

To determine how effective TCWV was in selecting eligible participants, we selected a random sample of 42 participants to test eligibility. We reviewed the participant's files and discovered that 13 did not contain the documentation required by guidelines to support the participants' eligibility. Therefore, we could not substantiate the eligibility of these participants.

The Attachment to NFJP Bulletin No. 00-02, effective July 1, 2000, states: "As part of their system of internal controls, grantees are expected to obtain source documentation that verifies the information provided by applicants covering such key eligibility elements as age, work history and earnings from agriculture labor, family size and income, work authorization, and compliance with Selective Service requirements."

In addition, paragraph 669.360(b) of WIA states: "In providing emergency assistance, the MSFW may use an abbreviated eligibility determination process that accepts the applicant's self-attestation as final evidence of eligibility, except that self attestation may not be used to establish the requirements of legal working status in the United States, and Selective Service registration, where applicable."

The files lacked the minimum requirements for documentation as required by regulations. 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. The total questioned costs are \$1,566 and consist of emergency assistance payments, primarily travel assistance and rent assistance. Based on the

sample results the projected error for the sample universe would be \$2,088.*

Auditee's Response

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.

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 [sic] of WIA regulations

Auditors' Conclusion

All the files in question did not contain the minimal evidence to establish legal working status as required by regulations. Only recording a number of a document viewed in the file is not sufficient auditable evidence. We understand that on occasion it may not be possible to copy all documents for the file. We have noted that some grantees will require an affidavit by the staff member certifying the examination of the documents. This is an acceptable alternative to having the document copied for the file.

Recommendation

We recommend that the Assistant Secretary for ETA recover the \$1,566 in questioned costs.

* -- \$2,088 is the point estimate of questioned costs using a confidence level of 90 percent.

FINDING 2: Costs Were Not Equitably Distributed Among Cost Objectives

TCWV charged \$4,660 in supply costs entirely to the WIA grant, even though the costs benefited all the grants operated by TCWV. These costs should have been allocated to each program using the same methodology TCWV used to allocate its other direct costs.

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. These reports are generated periodically and the percentages of time spent are used by TCWV to distribute certain recurring direct costs, such as utilities cost, among different programs when the specific amount chargeable to each program cannot be readily identified and segregated. 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.

OMB Circular A-122, Attachment A, A. 2. Factors affecting allowability of costs states:

To be allowable under an award, costs must meet the following general criteria . . . and . . . Be accorded consistent treatment.

To properly allocate the costs of the supplies, we applied the relevant percentages in the labtag reports to the cost of the furniture. We found that WIA was charged \$3,781 more than it should have been, which we question. TCWV needs to follow procedures that identify all costs benefiting multiple cost objectives, and not just recurring overhead costs like rent and utilities.

Auditee’s 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.

Auditors’ Conclusion

No changes in our position were made as a result of the auditee’s response.

Recommendations

We recommend that the Assistant Secretary for ETA:

1. Recover the \$3,781 in questioned costs.
2. Require TCWV to strengthen controls to identify all costs, not just recurring overhead costs, benefiting multiple cost objectives and ensure that these costs are allocated in accordance with the methodology already in operation, so that each program administered by TCWV bears its proportionate share of the cost of operation.

FINDING 3: Improper Verification of Participant Work History

In the course of reviewing the participant files, we noted that one participant verified the work history of seven other participants. According to Telamon's WIA Operations Manual:

If the employer can't or won't cooperate or cannot be reached, try to find some other way to verify the information. Find someone not related to the applicant if possible, who worked with the applicant and is willing to sign an affidavit or statement that he/she worked with or observed the applicant working for the named employer during time indicated. Write out the statement for the co-worker, or have the co-worker write it out, sign it and record the date and the co-worker's name and address.

This participant signed seven verification letters attesting to the farmwork employment of these participants. However, the participant was not working for the same employers as the persons she was verifying during the time periods in question. We question the validity of the verifications and her knowledge of the other participant's employment.

Auditee's Response

The Auditee's response did not address this finding.

Recommendation

We recommend that TCWV strengthen its controls over the eligibility verification process, and ensure that the individual verifying the participant's farmwork employment has actual knowledge of that employment.

FINDING 4: Performance Data Reviewed Were Accurate and Properly Supported

We reviewed the data reported by TCWV on the Program Status Summary to determine whether this information was accurate and properly supported. We were able to verify the overall totals reported when we compared the information to the databases TCWV maintained. A summary of this data can be found on Schedule B - Schedule of Performance Reported.

Our testing of this data included reviewing the underlying support for the preparation of the Program Status Summary as a whole, and reviewing the reported program information for the sample of participants selected for testing. The results of our review agreed with the reported outcomes for those participants that exited the program.

Findings 1 and 2 may impact performance data. Based on the information in the findings, the eligibility of some participants was improperly documented. We do not question the number of participants reported in the program status summary. However, based on our test results, some of those reported may be questionable as to their eligibility for the program due to lack of documentation.

**TELAMON CORPORATION
WEST VIRGINIA**

Schedule A

SCHEDULE OF COSTS REPORTED
Program Year Ended June 30, 2001

<u>Financial Status Report</u>	<u>Reported</u>
1. Classroom Training	\$ 10,248
2. On the Job Training	-
3. Work Experience	3,171
4. Training Assistance	-
5. Services Only	18,607
6. Administration	12,645
7. All Other Program	<u>145,719</u>
8. Total	<u>\$ 190,390</u>

Terms Used Above

- Classroom Training: Costs related to participants provided some form of organized classroom training. Generally includes tuition costs, stipends, and support provided while in training.
- On the Job Training: Costs paid to reimburse an employer for half of the wages paid to a participant during a contractual training period. Also includes support paid to the participant.
- Work Experience: Wages paid to a participant placed in a job by the grantee in order to assist the participant by gaining practical work experience.
- Training Assistance: This is a category carried over from JTPA generally not used under WIA reporting.
- Services Only: Costs related to participants that are only provided support service, with no enrollment in training programs.
- Administration: Salaries and overhead costs related to general administration of the program and not directly providing program services. Costs are limited under the grant agreement.
- All Other Program: Salaries and overhead related to overall running of the program not broken out in any category above.

**TELAMON CORPORATION
WEST VIRGINIA**

Schedule A-1

**SCHEDULE OF COSTS REPORTED
Supplemental Information
Program Year Ended June 30, 2001**

<u>Category</u>	<u>Incurred Costs</u>	<u>Subtotals</u>
1. Classroom Training		
A. Allowances	\$ 6,336	
B. Supportive Services	1,842	
C. Training Materials	<u>2,070</u>	10,248
2. On the Job Training	\$ <u>0</u>	0
3. Services Only		
A. Salaries and Fringe Benefits	\$ 6,325	
B. Office Costs and Overhead	3,357	
C. Supportive Services	<u>8,925</u>	18,607
4. Training Assistance	\$ <u>0</u>	0
5. Work Experience		
A. Salaries and Fringe Benefits	\$ 2,594	
B. Miscellaneous Other	<u>577</u>	3,171
6. Administration		
A. Indirect Administration	\$ 10,603	
B. Miscellaneous Other	<u>2,042</u>	12,645
7. Other Program		
A. Salaries and Fringe Benefits	\$ 90,395	
B. Office Costs and Overhead	<u>55,324</u>	<u>145,719</u>
8. Total	<u>\$190,390</u>	<u>\$190,390</u>

Note: The above information is not required to be reported to ETA, and was created by reviewing the financial records used in preparation of the Financial Status Report.

**TELAMON CORPORATION
WEST VIRGINIA**

Schedule B

**SCHEDULE OF PERFORMANCE REPORTED
Program Year Ended June 30, 2001**

<u>Category</u>	<u>Planned</u>	<u>Reported</u>
Total Participants	62	56
Total Terminations	50	26
Entered Unsubsidized Employment	14	15
Direct Placement	-	-
Indirect Placement	-	-
Also Obtained Employability Enhancement	-	-
Employment Enhancement Only	-	-
Services Only	-	4
All Other Terminations	36	7
Total Current Participants (End of Period)	12	30

**TELAMON CORPORATION
WEST VIRGINIA**

Schedule B-Continued

SCHEDULE OF PERFORMANCE REPORTED

Program Year Ended June 30, 2001

Terminology Used

Participants	Disadvantaged migrant and seasonal farmworkers and their dependents.
Total Participants	Participants that were provided any services during the program year. Includes participants carried over, new participants, and those exiting during the program year.
Total Terminations	Participants that exited the program during the year.
Entered Unsubsidized Employment	Participants placed in a non-federally subsidized job.
Direct Placement	Participants referred directly to a job with no training services provided. (Detail not required to be reported under WIA)
Indirect Placement	Participants placed in a job after training or enhancement services. (Detail not required to be reported under WIA)
Also Obtained Employability Enhancement	Participants placed that also received services improving job prospects, such as completing GED program, obtaining a degree, completing occupational training. (Detail not required to be reported under WIA)
Employment Enhancement Only	Participants not placed in a job but exiting the program with enhancements to improve job prospects. See examples above. (Detail not required to be reported under WIA)

Services Only

Participants that exited the program with support services only, with no training or referral to employment.

All Other Terminations

Participants that exited the program that do not fall into any other termination category.

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



Telamon Corporation
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Richard A. Joanis
Executive Director
919.851.7611 x201
Djoanis@telamon.org

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:

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"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:

- o "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						
8. [] CHECK IF ATTACHMENT A IS REQUIRED			TOTAL FARMWORKER INCOME			
9. TOTAL NUMBER IN THE FAMILY []			TOTAL OTHER FAMILY INCOME			
			TOTAL INCOME			
			GUIDELINE AMOUNT			

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 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 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

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