

U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND TRAINING
ADMINISTRATION**



**WESTCHESTER-PUTNAM COUNTIES
CONSORTIUM FOR WORKER EDUCATION
AND TRAINING, INC.
EARMARK GRANT**

**Date Issued: September 29, 2006
Report Number: 02-06-204-03-390**

BRIEFLY...

Highlights of Report Number: 02-06-204-03-390, to the Assistant Secretary for Employment and Training

WHY READ THE REPORT

Westchester-Putnam Counties Consortium for Worker Education, Inc. (WP-CWE) was established as a partnership between the Building and Construction Trade Council of Westchester-Putnam Counties AFL-CIO and the Construction Industry Council, an employer's association that represents building contractors in the Lower Hudson Valley Region.

In 2002, WP-CWE received a \$500,000 earmark grant (agreement number AF-12732-03-60) to provide building trades pre-apprenticeship training to 60 youth and 45 adult participants residing in Westchester and Putnam Counties, New York.

WHY OIG DID THE AUDIT

The purpose of our audit was to determine the following:

1. Were reported costs reasonable, allowable, and allocable to the grant under Federal requirements?
2. Was pre-apprenticeship training provided to eligible residents of Westchester and Putnam Counties?
3. Were performance results measured, reported and achieved.

READ THE FULL REPORT

To view the report, including the scope, methodology and agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2006/02-06-204-03-390.pdf>

SEPTEMBER 2006

WESTCHESTER-PUTNAM COUNTIES CONSORTIUM FOR WORKER EDUCATION AND TRAINING, INC. EARMARK GRANT

WHAT OIG FOUND

1. WP-CWE charged \$127,357 of costs to the grant that were unallowable and unallocable. Specifically, \$91,939 in administrative costs exceeded grant limits; \$24,667 in legal services costs were unallowable or not adequately documented; and \$10,751 in common costs were over allocated to the grant.
2. Thirteen of 47 reported adult participants were not eligible as they did not meet specific eligibility requirements, such as having a high school diploma/GED and/or being identified with specific target groups. As a result, we question training and stipend payments totaling \$36,294.
3. WP-CWE agreed to train 60 youth and 45 adult participants. WP-CWE achieved grant goals for youth training. However, after restatement to exclude ineligible adult participants, WP-CWE actually trained 34 eligible adult participants and did not achieve grant goals for adult training.

WHAT OIG RECOMMENDED

The OIG recommended the Assistant Secretary for Employment and Training recover \$163,651 in questioned costs from WP-CWE, and conduct monitoring of ongoing and future DOL funded employment and training projects to assist WP-CWE in: complying with Federal requirements for grant costs; consistently following eligibility requirements; and achieving performance goals.

In its response to the draft report, WP-CWE agreed with \$5,910 of questioned costs for unallowable legal services costs. WP-CWE disagreed with the report's other findings and recommendations.

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Executive Summary

This report summarizes the results of our performance audit of a \$500,000 earmark¹ grant awarded to Westchester-Putnam Counties Consortium for Worker Education and Training, Inc. (WP-CWE), for the period October 7, 2002, through November 30, 2003. The grant required WP-CWE to provide pre-apprenticeship training in the building trades to 60 youth and 45 adult participants who were residents of Westchester and Putnam Counties, New York.

The audit objectives were to answer the following:

1. Were reported costs reasonable, allowable, and allocable to the grant under Federal requirements?
2. Was pre-apprenticeship training provided to eligible residents of Westchester and Putnam Counties?
3. Were performance results measured, reported and achieved?

Results

In total, we questioned \$163,651 of grant costs claimed by WP-CWE. We questioned \$127,357 because claimed costs were not reasonable, allowable and allocable to the grant. We questioned an additional \$36,294 because 28 percent of adult participants were not eligible. Finally, the grantee did not meet its adult performance goals.

1. WP-CWE charged \$127,357 of costs to the grant that were unallowable and unallocable. Specifically, \$91,939 in administrative costs exceeded grant limits; \$24,667 in legal services costs were unallowable or not adequately documented; and \$10,751 in common costs were over allocated to the grant.
2. Thirteen of 47 reported adult participants were not eligible as they did not meet specific eligibility requirements, such as having a high school diploma/GED and/or being identified with specific target groups. As a result, we questioned training and stipend payments totaling \$36,294.
3. WP-CWE agreed to train 60 youth and 45 adult participants. It reported that 63 youth and 47 adult participants were trained. WP-CWE achieved grant goals for youth training. However, after restatement to exclude ineligible adult participants, WP-CWE actually trained 34 eligible adult participants and did not achieve grant goals for adult training.

¹ An earmark is a set-aside from an appropriation to be used for a specific purpose, which cannot be otherwise used unless provided for under the appropriation.

Recommendations

We recommend the Assistant Secretary for Employment and Training recover \$163,651 in questioned costs from WP-CWE, and conduct monitoring of ongoing and future DOL funded employment and training projects to assist WP-CWE in:

- Complying with Federal requirements for grant costs.
- Consistently following eligibility requirements.
- Achieving performance goals.

Agency Response

In its response to the draft report, WP-CWE agreed with \$5,910 of questioned costs for unallowable legal services costs. WP-CWE did not agree with the findings related to excessive administrative costs or ineligible participants. WP-CWE's response did not address our findings related to lack of documentation for legal services costs, overallocated common costs, or not achieving grant goals.

The WP-CWE's response to the draft report is included in Appendix D.

OIG Conclusion

We have considered WP-CWE's response to the draft report. No additional information was provided that materially affects the report. Therefore, the report findings and recommendations remain unchanged. The recommendations will be resolved during DOL's formal audit resolution process.

U.S. Department of Labor

Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Ms. Emily Stover DeRocco
Assistant Secretary for Employment and Training
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

We conducted a performance audit of the \$500,000 earmark² grant number AF-12732-03-60 awarded to Westchester-Putnam Counties Consortium for Worker Education and Training, Inc. (WP-CWE), for the period October 7, 2002, through November 30, 2003. The grant required WP-CWE to provide building trades pre-apprenticeship training to 60 youth and 45 adult participants residing in Westchester and Putnam Counties, New York.

The audit objectives were to answer the following:

1. Were reported costs reasonable, allowable, and allocable to the grant under Federal requirements?
2. Was pre-apprenticeship training provided to eligible residents of Westchester and Putnam Counties?
3. Were performance results measured, reported and achieved?

We conducted our audit in accordance with Generally Accepted Government Auditing Standards for performance audits. Our audit objectives, scope, methodology and criteria are detailed in Appendix B.

² An earmark is a set-aside from an appropriation to be used for a specific purpose, which cannot be otherwise used unless provided for under the appropriation.

Objective 1: Were Reported Costs Reasonable, Allowable, and Allocable to the Grant under Federal Requirements?

Results and Findings - Questioned Costs of \$127,357 for Excess Administrative Costs, Undocumented Costs, and Unreasonable Allocation of Costs

Office of Management and Budget (OMB) Circular A-122 *Cost Principles for Non-Profit Organizations*, Attachment A, Paragraph A.2 states that to be allowable, costs must be reasonable and allocable; conform to grant limitations; and be adequately documented. WP-CWE reported \$500,000 in grant costs of which \$127,357 is questioned as unallowable and unallocable. Specifically, \$91,939 of administrative costs exceeded grant limits; \$24,667 in legal services costs were unallowable or not adequately documented; and \$10,751 in common costs were over allocated to the grant.

a. Excess Administrative Costs (\$91,939 questioned)

The grant limits administrative costs to 10 percent of the award, or up to 15 percent if justified and approved by the grant officer. In addition, ETA's Federal Project Officer stated that there was no modification to the grant to approve administrative costs over the 10 percent limit. Workforce Investment Act (WIA) regulations at Part 20 Section 667.220(c) of the Code of Federal Regulations (CFR) classifies subrecipient costs unless awarded solely for the performance of administrative functions as program cost and therefore not subject to administrative cost limitations. 20 CFR 660.300 defines a subrecipient as: ". . . an entity to which a subgrant is awarded and which is accountable to the recipient . . . for the use of the funds. . . ."

WP-CWE claimed to have a recipient to subrecipient relationship with its program and financial manager, the National Association on Drug Abuse Problems (NADAP³); however, we concluded that no such relationship existed. NADAP functioned as the prime grantee and was not held accountable to WP-CWE; therefore, NADAP did not meet the definition of a subrecipient under WIA. Further, there was no documentation that WP-CWE ever monitored NADAP's grant operations. Though separate legal entities, there was little operational distinction between NADAP and WP-CWE. NADAP developed the earmark grant proposal and provided WP-CWE's administrative infrastructure for the earmark grant and overall organization. Furthermore, NADAP performed grantee administrative functions as follows:

- Contracted jointly for its own and WP-CWE's single audit and legal services.
- Drew down grant funds into a NADAP account for WP-CWE programs.
- Certified financial reports to ETA.
- Filed WP-CWE tax forms.
- Added WP-CWE directors' into NADAP's personnel system, approved their timesheets as their supervisors, and paid them through NADAP's payroll.

³ In 2004, NADAP was selected as the WIA One-Stop Center Operator and financial manager for the Workforce Investment Board (WIB) in Yonkers, NY, which receives approximately \$1.6 million in WIA formula funding annually.

- Reimbursed itself for costs without approval from WP-CWE.
- Maintained custody of all financial and tax records for WP-CWE.

According to the NADAP Financial Director, the only administrative costs incurred were \$27,291 for WP-CWE salaries and fringe benefits. As NADAP was in essence the prime grantee, additional grant costs of \$141,343 classified by NADAP as program-related contractual costs, met WIA’s definition of administrative costs under 20 CFR 667.220(b) and should have been included when determining compliance with grant limitations. As a result, total administrative costs under the grant were \$168,634. After considering other questioned costs, WP-CWE incurred \$91,939 for administration in excess of the grant limit. Questioned costs were computed as follows:

Total Administrative Costs per OIG Restatement	\$168,634
Administrative Cost Cap (\$500,000 x 10%)	- 50,000
Excess Administrative Costs Over Cap	<u>\$118,634</u>
Questioned Administrative Costs (Objective 1b and 1c)	- 26,695 ⁴
Questioned Costs in Excess of Limitation	<u><u>\$91,939</u></u>

b. Unallowable or Inadequately Documented Legal Services Costs (\$24,667 questioned)

For the grant, WP-CWE paid two law firms \$24,667 for legal services costs which were unallowable or inadequately documented.

OMB Circular A-122, Attachment B, Paragraph 39 states:

a. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the organization, are allowable. . . .

b. In determining the allowability of costs...the following factors are relevant. . . .

(2) The necessity of contracting for the service, considering the organization's capability in the particular area. . . .

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions). . . .

- NADAP entered into a new agreement with a law firm owned by an officer of WP-CWE’s Board of Directors and charged \$5,910 for retainer fees to the grant. The costs are unallowable because the law firm is owned by an officer of WP-CWE, the agreement did not identify the types of legal services to be available or

⁴ Consist of legal fees of \$24,667 and audit fees of \$2,028 (\$5,070 x 40 percent).

provided, and NADAP did not provide any rationale for why another law firm was needed for the grant.

OMB Circular A-122, Attachment A, Paragraph A.2g states, to be allowable costs must be adequately documented.

- The other law firm had an existing contract with NADAP to provide legal services for all its programs at an hourly billable rate. The contract was extended to include the WP-CWE grant and NADAP charged \$18,757 of the firm's charges to the grant. However, the costs were not adequately documented. NADAP provided partial detail for some bills, but some detail information was unreadable and descriptions of some services were blacked out. Also, bills did not agree with recorded grant costs.

c. Overallocated Common Costs (\$10,751 questioned)

OMB Circular A-122, Attachment A, Paragraph A.4(a) states: "A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. . . ." WP-CWE operated three programs, but charged the earmark grant 100 percent of office rent (\$18,383), leased office equipment (\$3,426) and audit fees (\$5,070). NADAP representatives stated that these costs were charged to the earmark grant because they were necessary and the grant had available funds. However, this was not a reasonable allocation of costs, as other WP-CWE activities also benefited and accounted for 40 percent of activities reported. Therefore, \$10,751 (40 percent of \$26,879 in common costs) should have been allocated to other WP-CWE activities.

Recommendations:

We recommend that the Assistant Secretary of Employment and Training:

1. Recover questioned costs of \$127,357.
2. Conduct monitoring of ongoing and future DOL funded employment and training projects to assist WP-CWE in complying with Federal requirements for grant costs.
3. Conduct monitoring and provide technical assistance for NADAP's administration of ongoing DOL programs to ensure compliance with applicable Federal requirements. This is especially important since NADAP is currently the One-Stop Center Operator and fiscal agent for Yonkers WIB, and receives an estimated \$1.6 million in WIA formula funds annually.

Grantee Response

In its response to the draft report, WP-CWE agreed with \$5,910 of questioned costs for unallowable legal services costs. WP-CWE did not agree with the findings related to

excessive administrative costs. WP-CWE's response did not address our findings related to lack of documentation for legal services costs or overallocated common costs.

WP-CWE's response to the draft report is included in Appendix D.

OIG's Conclusion

We have considered WP-CWE's response to the draft report. No additional information was provided that materially affects the above findings and recommendations; therefore, the findings and recommendations remain unchanged. The recommendations will be resolved during DOL's formal audit resolution process.

Objective 2: Was Pre-Apprenticeship Training Provided to Eligible Residents of Westchester and Putnam Counties?

Results and Finding - Grantee Provided Pre-Apprenticeship Training, but 28 Percent of Adult Participants Were Not Eligible

WP-CWE agreed to provide pre-apprenticeship training to 60 youth and 45 adult participants who were targeted residents of Westchester and Putnam Counties. For the youth program, WP-CWE developed a 12-hour program for career awareness and pre-apprenticeship training which was presented to 63 students at Roosevelt and Saunders High Schools, and Southern Westchester Board of Cooperative Educational Services.

For the adult program, WP-CWE developed curricula and provided pre-apprenticeship training to 47 adult participants as carpenters, sheet metal workers, and operating engineers. Training was held at the unions' apprenticeship training facilities for Empire State Carpenters, Sheet Metal Workers Local Union 38, and the International Union of Operating Engineers Local 30. The program was coordinated with Local Workforce Investment Boards and local unions. However, 13 of 47 adult participants were not eligible. Therefore, we question \$36,294 of \$132,487 in adult training costs and stipends for ineligible adult participants.

Ineligible Adult Participants (\$36,294 questioned)

Under the terms of the grant agreement, to be eligible, an adult participant must:

- Be a resident of Westchester or Putnam County;
- Be 18 years of age or older;
- Have a high school diploma or General Equivalency Diploma (GED);
- Have access to reliable transportation; and
- Be from one of the following target groups -- unemployed, dislocated workers, minorities, welfare recipients, or recovering substance abusers.

WP-CWE documented each participant's age, high school diploma/GED attainment, and access to transportation. WP-CWE identified participants who were unemployed

but did not identify any participants as dislocated workers, minorities, welfare recipients or recovering substance abusers. Of the 47 participants reported, 13 were not eligible because they: (1) did not have proof of high school diploma or GED attainment and/or (2) were employed but not identified with other target groups. The project director explained that a diploma/GED was included as a grant requirement due to the technical nature of some training, primarily for Operating Engineers. WP-CWE relaxed this requirement because the Sheet Metal Workers Union does not require it. The project director did not explain why the proof of diploma or GED requirement was relaxed for Operating Engineers or Carpenters training, or why she enrolled employed individuals without determining if they were dislocated workers, minorities, welfare recipients, or recovering substance abusers. As a result, WP-CWE spent \$36,294 for ineligible participants, as detailed below:

<u>Training Type</u>	<u>Number Trained</u>	<u>Number Ineligible</u>	<u>Grant Costs</u>	<u>Costs⁵ Questioned</u>
Carpenters	17	2	\$13,892	\$1,634
Sheet Metal Workers	13	6	32,980	15,222
Operating Engineers	<u>17</u>	<u>5</u>	<u>44,770</u>	<u>13,168</u>
Subtotal Training	<u>47</u>	<u>13</u>	\$91,642	\$30,024
Stipends			<u>40,845</u>	<u>6,270</u>
Total			<u>\$132,487</u>	<u>\$36,294</u>

Recommendations:

We recommend the Assistant Secretary for Employment and Training:

4. Recover \$36,294 in funds expended for ineligible adult participants.
5. Conduct monitoring of ongoing and future DOL funded employment and training projects to assist WP-CWE in consistently following eligibility requirements.

Grantee Response

In its response to the draft report, WP-CWE asserted that all participants were eligible under the grant via attestations and declarations made during the application process. As for the target groups, minority status of each participant was determined through a visual evaluation and indirect inquiry into their ethnic background. One participant was accepted because he was underemployed.

⁵ Questioned training costs are based on average training costs for each type of training, multiplied by the number of ineligible participants. Questioned stipend costs are the actual stipends paid to ineligible participants.

OIG's Conclusion

We have considered WP-CWE's response to the draft report. No additional information was provided that materially affects the above finding and recommendations; therefore, the finding and recommendations remain unchanged. The recommendations will be resolved during DOL's formal audit resolution process.

Objective 3: Were Performance Results Measured, Reported and Achieved?

Results and Finding – WP-CWE Measured and Reported Performance Data, but Did Not Achieve Grant Goals

The grant agreement required WP-CWE to train 60 youth and 45 adult participants. WP-CWE reported that it trained 63 youth and 47 adults. WP-CWE achieved grant goals for youth training. However, after restatement of performance results to exclude ineligible adult participants, WP-CWE actually trained 34 eligible adult participants and did not achieve grant goals for adult training.

Further, eligible participants achieved better training results than ineligible participants. Of the 34 eligible adult participants who received training, 79 percent completed the training and 53 percent joined the union. Of the 13 ineligible adult participants, 46 percent completed training and 31 percent joined the union.

Recommendation:

6. We recommend the Assistant Secretary for Employment and Training conduct monitoring of ongoing and future DOL funded employment and training projects to assist WP-CWE in achieving performance goals.

Grantee Response

WP-CWE's response to the draft report did not address this finding and recommendation.

OIG's Conclusion

No additional information was provided; therefore, the finding and recommendation remain unchanged. The recommendation will be resolved during DOL's formal audit resolution process.



Elliot P. Lewis
June 29, 2005

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Exhibit

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EXHIBIT A

**Westchester-Putnam Counties Consortium for Worker Education and Training, Inc.
 Schedule of Claimed, Sampled and Questioned Costs
 For the Period October 7, 2002, through November 30, 2003**

Grant Budget Line Item	Closeout Report	Sampled	Questioned Costs
Salaries	\$24,995	\$12,998	\$0
Fringe Benefits	2,296	777	0
Contractual	435,464	435,369	
NADAP Admin. Costs (Finding 1a)			91,939
Legal Services (Finding 1b)			24,667
Common Costs (Finding 1c)			10,751
Adult Training Contracts (Finding 2)			30,024
Stipends (Finding 2)	37,245	37,245	6,270
Total Costs	\$500,000	\$486,389	\$163,651

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Appendices

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APPENDIX A

BACKGROUND

WP-CWE is a not-for-profit corporation that was incorporated in 1998. WP-CWE was established as a partnership between the Building and Construction Trade Council of Westchester-Putnam Counties AFL-CIO and the Construction Industry Council, an employer's association that represents building contractors in the Lower Hudson Valley Region.

On October 16, 2002, ETA awarded WP-CWE a \$500,000 earmark grant, number AF-12732-03-60, from funds set aside in the Fiscal Year 2002 appropriation (Public Law 107-116, enacted January 10, 2002). An earmark is a set-aside from an appropriation to be used for a specific purpose, which cannot be otherwise used unless provided for under the appropriation. Congress designated this set-aside for WP-CWE to provide outreach and pre-apprenticeship training for the construction industry. The period of performance was October 7, 2002, through November 30, 2003. The grant required WP-CWE to provide building trades pre-apprenticeship training to 60 youth and 45 adult participants residing in Westchester and Putnam Counties, New York.

On April 1, 2002, prior to signing and receiving the grant from ETA, WP-CWE executed an agreement with NADAP, a private nonprofit organization founded in 1971 by a coalition of business, labor unions and social service professionals. For the grant, NADAP agreed to be responsible for performing all aspects of the earmark grant.

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APPENDIX B

OBJECTIVES, SCOPE, METHODOLOGY, AND CRITERIA

Objectives

The Office of Inspector General conducted an audit of the \$500,000 earmark grant number AF-12732-03-60 awarded to WP-CWE for the period October 7, 2002, through November 30, 2003. The audit objectives were to answer the following:

1. Were reported costs reasonable, allowable, and allocable to the grant under Federal requirements?
2. Was pre-apprenticeship training provided to eligible residents of Westchester and Putnam Counties?
3. Were performance results measured, reported and achieved?

Scope

Our performance audit was conducted in accordance with Generally Accepted Government Auditing Standards for performance audits, and included such tests as we considered necessary to satisfy the audit objectives.

A performance audit includes an understanding of internal controls considered significant to the audit objectives and testing compliance with significant laws, regulations, and other compliance requirements. In order to plan our performance audit, we considered whether internal controls significant to the audit were properly designed and placed in operation.

For the period October 7, 2002, through November 30, 2003, WP-CWE reported 47 adult participants received training, 63 youth participants completed training, and total grant costs incurred of \$500,000. We sampled 100 percent of adult participants, 16 percent of youth participants, and 97 percent of costs. We conducted the audit at WP-CWE program offices in Yonkers, New York, and NADAP offices in New York, New York. Fieldwork was conducted from March 16, 2005, through June 29, 2005. The exit conference was held on August 25, 2006.

Methodology

We obtained an understanding of internal controls through inquiries with appropriate personnel, review of policies and procedures manuals, observations of NADAP operations, and inspection of relevant documentation. The nature and extent of our testing was based on auditors' judgment.

We audited claimed costs as reported in the grantee’s financial status report. We selected stratified random samples using a 95 percent confidence level and +/- 5 percent sampling precision of audit attributes. In total, we sampled \$486,389 of reported costs, consisting of \$12,998 of WP-CWE salaries, \$777 of associated fringe benefits, \$37,245 of adult participant stipends, and \$435,369 of contractual costs.⁶ We examined general ledger journals and supporting documentation, such as canceled checks, vouchers, invoices, and contracts.

For sampled contractual costs of \$435,369, WP-CWE’s support documentation consisted of journal entries to reimburse NADAP for grant costs. A cost summary from NADAP showed personnel costs of \$151,523, non-personnel costs of \$225,803, and overhead of \$58,043. For NADAP personnel costs, we applied analytical procedures and interviewed staff to verify the reasonableness and allocability of costs. For non-personnel costs, we selected a judgmental sample of \$215,516 in costs, and examined NADAP’s general ledger journals, canceled checks, vouchers, invoices, and contracts.

To determine compliance with grant eligibility requirements and achievement of performance goals, we selected random samples of participants using a confidence level of 90 percent and +/- 10 percent sampling precision. After testing 24, we expanded samples to 100 percent of adults participants enrolled in training and discontinued further tests of youth participants. In total, we sampled 60 of 129⁷ participants enrolled in training, and reviewed participant files for eligibility, training received, training completion, and outcomes received.

<u>Training Type or Location</u>	<u>Universe</u>	<u>Sampled</u>
Carpenters	17	17
Sheet Metal Work	13	13
Operating Engineers	<u>17</u>	<u>17</u>
Total Adults	<u>47</u>	<u>47</u>
Saunders High School	19	3
Roosevelt High School	21	3
Southern Westchester BOCES	<u>42</u>	<u>7</u>
Total Youth	<u>82</u>	<u>13</u>
Total Participants	<u>129</u>	<u>60</u>

⁶ There were immaterial differences between costs reported on the closeout report and cost detail from the general ledger. Salaries and fringe benefits were underreported by \$94 and contractual was over-reported by \$95, for net over-reported costs of \$1. Cost samples were drawn from general ledger detail.

⁷ For sampling, total participants (129) were based on rosters of 47 adults who were enrolled and received training, and 82 youth enrolled in training. WP-CWE reported 110 participants: 47 adults who received training, and 63 youth who completed training.

Criteria

The audit was performed using the executed grant agreement, modifications, and the following criteria:

- WIA, Public Law 105-220 and 20 CFR 652 *et al.*
- OMB Circular A-122, “Cost Principles for Non-Profit Organizations”
- 29 CFR 95, “Uniform Administrative Requirements for Federal Grants and Agreements Awarded to Institutions of Higher Education, Hospitals, and Other Non-profit Organizations”

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APPENDIX C

ACRONYMS AND ABBREVIATIONS

AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
CFR	Code of Federal Regulations
DOL	Department of Labor
ETA	Employment and Training Administration
NADAP	National Association on Drug Abuse Problems, Inc.
OMB	Office of Management and Budget
WIA	Workforce Investment Act
WIB	Workforce Investment Board
WP-CWE	Westchester-Putnam Counties Consortium for Worker Education and Training, Inc.

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APPENDIX D

GRANTEE RESPONSE TO DRAFT REPORT

*Westchester-Putnam Counties
Consortium For Worker Education and Training, Inc.*

20 South Broadway, Suite 1201, Yonkers, NY 10701 • 914-709-1373 Fax 914-709-1377

September 20, 2006

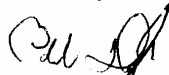
Mr. Mark L. Schwartz
Regional Inspector General for Audit
US – DOL New York Regional Audit Office
201 Varick Street
New York, N.Y. 10014

Dear Mr. Schwartz:

Enclosed for your review are the WP-CWE comments in response to the draft report of the audit of the \$500,000 earmark grant operated by Westchester Putnam Counties' Consortium for Worker Education and Training (OIG Report Number 02-06-204-03-390).

Along with the comments and various attachments, I am including letters from Roy Barnes, Secretary/Treasurer, and myself attesting to the management of this grant and minutes from the October 2003 WP-CWE Board meeting. I look forward to hearing from you.

Sincerely,



Eddie Doyle
President

WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
Worker Education and Training

For the Period October 2, 2002 through November 30, 2003

WP-CWE Agency Response, Page 8

In April 2002, the Westchester-Putnam Counties Consortium for Worker Education and Training (WP-CWE) chose NADAP to enter into legally binding contract in order to have NADAP be responsible for the programmatic and administrative aspects of the \$500,000 earmark grant to provide pre-apprenticeship training. One of the reasons Roy Barnes and Eddie Doyle, as Directors of the WP-CWE, chose NADAP was due to their knowledge and trust of, and experience with NADAP's abilities, integrity, and efficiency. The structure of the recipient to sub-recipient relationship was done in this manner in order for the program to run as efficiently as possible and to maximize the amount spent on programmatic activities.

As stated to Hugh White, the United States Department of Labor (USDOL) Office of the Inspector General (OIG) Auditor when he conducted the audit in March through June 2005, this contract was entered into six months prior to the start of the earmark grant because WP-CWE: received a letter from Stephen A. Wandner, the Director of Research and Demonstration at the USDOL, dated March 12, 2002 stating that Congressperson Kelly sponsored WP-CWE to receive \$500,000 to conduct workforce development activities; began performing grant related planning in April; and requested the assistance of NADAP to prepare the formal proposal for the Pre-Apprenticeship Training program.

As discussed with Rebecca Bowen, USDOL OIG Audit Team Leader, and Ruth-Ami Klein, USDOL OIG Assistant Inspector General, on August 26, 2006, four-years after the completion and close-out of the fiscal and programmatic operations of the program, at the meeting to review the discussion draft audit, Roy Barnes and Eddie Doyle described their difficulties in managing the implementation of programmatic goals and an administrative structure for the prior WP-CWE grants received. However, these difficulties never impaired the WP-CWE's ability to identify needed workforce development and training activities and to review and monitor NADAP's activities and performance.

The rules relating to the allocation of administrative and programmatic expenses are contained within Section 20, Part 667 – Administrative Provisions Under Title I of the Workforce Investment Act, Subpart B, Number 220 – What Workforce Investment Act Title I functions and activities constitute the costs of administration subject to the administrative cost limit? Paragraph (a), as follows, describes who is covered by the administrative cost allocation.

Paragraph (a) states, "The costs of administration are that allocable portion of necessary and reasonable allowable costs of State and local workforce investment boards, direct recipients, including State grant recipients under subtitle B of title I and recipients of awards under subtitle D of title I, as well as local grant recipients, **local grant sub-recipients**, local fiscal agents and one-stop operators that are associated with those specific functions identified in paragraph (b) of this section and which are **not related to the direct provision of workforce investment services, including services to participants and employers**. These costs can be both personnel and non-personnel and both direct and indirect."

WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
Worker Education and Training
For the Period October 2, 2002 through November 30, 2003

Paragraph (b) defines the costs which are administrative, but paragraph (c)(1) and (c)(4) are the defining paragraphs as to whether NADAP's expenses should be classified as administrative costs or, as WP-CWE believes, programmatic costs. Paragraph (c)(1) states, "Awards to sub-recipients or vendors that are solely for the performance of administrative functions are classified as administrative costs." Furthermore, paragraph (c)(4) states, "Except as provided at paragraph (c)(1), all costs incurred for functions and activities of sub-recipients and vendors are program costs."

Further proof of the recipient to sub-recipient relationship is contained in the contract between WP-CWE and NADAP. It clearly states WE-CWE's expectations of and the activities to be performed by NADAP. The contract is made a part of WP-CWE response below:

SUB-CONTRACT AGREEMENT

This Agreement for the period 4/1/02 to 2/1/04 is made between the Westchester/Putnam counties consortium for Worker Education and Training Inc., (hereinafter referred to as the Contractor) and the National Association on Drug Abuse Problems, Inc., (hereinafter referred to as the Sub-Contractor)

Whereas, the contractor, wishes to engage the Sub-contractor to perform the services required under the grant from the U.S. Department of Labor Earmark Grant, 2002.

Under the terms of this agreement, NADAP will serve as the managing agent for the Consortium and will assist in the building a network of unions, local businesses, public agencies and officials. These Relationships will enable NADAP/the Consortium to continue to meet the recruiting/training needs of the building and construction trades while exploring other opportunities for the consortium's expansion.

The program focus for the years 2002 – 2003 is to assist in the development and implementation of the Pre-Apprenticeship Training for construction industry employment opportunities. The Consortium is a designated partner in the Yonkers Employment Center which was formed as mandated by the Workforce Investment Act. NADAP will work closely with the Yonkers Employment Center to identify and recruit individuals to participate in the Pre-Apprenticeship training program.

Now, therefore, the **Sub-Contractor** does hereby agree to perform the following services:

1. Develop a network of contacts in the private industry to assist in job placement.
2. Identify other employment opportunities and community resources in demand occupations.

WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
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For the Period October 2, 2002 through November 30, 2003

3. Establish relationships with local Workforce Investment Boards.
4. Determine the need for additional workforce development programs, i.e. job preparation and basic skill development.
5. Complete all required program and fiscal forms/documents as well as maintain tracking forms of all trainees.
6. Determine staffing requirements to operate the Consortium offices and assist in the recruitment, selection and management of personnel.
7. Assist in preparing program plans and budgets to submit to potential funding sources.
8. Prepare program documentation and training materials to distribute to trainees.
9. Identify professional trainers to provide the necessary coursework and skills development.
10. Handle the logistics of the training to include location, dates, time, etc.
11. Recruit unemployed Westchester/Putnam Residents as candidates for the training program.

Furthermore, the Sub-Contractor does hereby agree to manage all aspects pertaining to the Earmark Grant. This will include:

- Development and implementing the 3 Pre-Apprenticeship Training Programs for unemployed Westchester/Putnam residents
- Implementing and developing a Pre-Apprenticeship Program geared towards youth which will be held at two high schools in Yonkers and one at Southern Westchester BOCES
- Supervising and assisting in the development of curricula to upgrade the skills of existing workers within the building and construction trades
- Increasing awareness of high school students as to careers available within the building trades which includes the Construction Career Day event
- Research, writing and administration of grants
- Managing fiscal responsibilities including budgeting

WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
 Worker Education and Training
 For the Period October 2, 2002 through November 30, 2003

- Managing all program activity

Now, therefore, the Contractor does hereby agree to perform the following services

1. Build a network of partners within the Building Trades and Construction Industry and private industries within the Westchester/Putnam area.
2. Establish relationships with local and state Welfare Investment Boards.
3. Identify sources of funding for the worker education training programs.
4. Create linkages with unions and private industry to build a referral network.
5. Submit documentation to obtain funding for project implementation/continuation.
6. Manage the reimbursements of expense to the Sub-Contractor.

In Witness thereof, the parties hereto have executed or approved this AGREEMENT on the date below their signature.

Given the contractual relationship, WP-CWE, through Roy Barnes and Eddie Doyle, discharged their responsibilities to monitor NADAP's financial and programmatic activities. On a monthly basis, Roy Barnes would meet with the NADAP's Director of Finance/CFO to review and approve NADAP's payments and fiscal reports. Programmatically, Eddie Doyle would meet with the Program Director to discuss which courses should be held. Subsequently Eddie Doyle worked with the Unions to obtain an understanding of their needs and would garner their support in holding the pre-apprenticeship training classes. Various follow-up meetings were held in order to finalize training schedules and budget allocations for each pre-apprenticeship training course. Since NADAP was, and still is, accountable to the WP-CWE there is a clear recipient to sub-recipient relationship between both entities.

The other points raised by the USDOL OIG audit on page six that allegedly proved WP-CWE and NADAP did not have a recipient to sub-recipient relationship will be handled individually.

1. *“Contracted jointly for its own and WP-CWE’s single audit and legal services”*
 As stated in the WP-CWE – NADAP contract, “the sub-contractor does hereby agree to manage all aspects pertaining to the Earmark Grant. This will include managing fiscal responsibilities including budgeting.” This was also a cost saving measure whereby NADAP included WP-CWE in its agreements for audit and legal services instead of WP-CWE having to bid these activities and pay higher fees. **A separate audit was performed for the WP-CWE. Their audit and financial statements were never part of NADAP’s audit or financial statements.** See

WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
Worker Education and Training
For the Period October 2, 2002 through November 30, 2003

attachments A and B. This arrangement is not proscribed in DOL or OMB regulations.

2. *"Drew down grant funds into a NADAP account for WP-CWE programs"*

As stated in the WP-CWE – NADAP contract, "the sub-contractor does hereby agree to manage all aspects pertaining to the Earmark Grant. This will include managing fiscal responsibilities including budgeting." **WP-CWE funds were not drawn down into a NADAP account for WP-CWE activities.** The funds were drawn down into the WP-CWE account number 01158192 at Amalgamated Bank, the same bank where NADAP does business (Amalgamated Bank account number 01114720). There is a clear distinction between both sentences. There are no regulations restricting a recipient and sub-recipient from using the same bank.

3. *"Certified financial report to ETA."*

As stated in the WP-CWE – NADAP contract, "the sub-contractor does hereby agree to manage all aspects pertaining to the Earmark Grant. This will include managing fiscal responsibilities including budgeting." Since NADAP prepared the financial reports and Roy Barnes conducted monthly reviews with the NADAP Director of Finance/CFO, it was only appropriate that the preparing entity sign and certify the financial report.

4. *"Filed WP-CWE tax forms."* and 7. *"Maintained custody of all financial and tax records for WP-CWE."*

As stated in the WP-CWE – NADAP contract, "the sub-contractor does hereby agree to manage all aspects pertaining to the Earmark Grant. This will include managing fiscal responsibilities including budgeting." The WP-CWE is a two-person entity that has contracted these activities to NADAP. Since they have the programmatic and administrative expertise that WP-CWE was looking for in a sub-recipient, they performed the financial reporting, tax filing, and record keeping and storage. There is no DOL or OMB regulation banning this arrangement in a recipient to sub-recipient relationship.

5. *"Added WP-CWE directors' into NADAP's personnel system, approved their timesheets as their supervisors, and paid them through NADAP's payroll."*

As stated in the WP-CWE – NADAP contract, "the sub-contractor does hereby agree to manage all aspects pertaining to the Earmark Grant. This will include managing fiscal responsibilities including budgeting." Having Roy Barnes and Eddie Doyle paid using NADAP's payroll system was the most efficient means to insure they were paid correctly and properly. There is no rule or regulation that this is not an allowable activity by a sub-recipient and as such this was a cost savings measure that eliminated the need for WP-CWE to hire or sub-contract this activity.

6. *"Reimbursed itself for costs without approval from WP-CWE."*

Again, as stated in the WP-CWE – NADAP contract, "the sub-contractor does hereby agree to manage all aspects pertaining to the Earmark Grant. This will include managing fiscal responsibilities including budgeting." However, in performing and managing all aspects of the fiscal responsibilities and as part of the

**WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
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For the Period October 2, 2002 through November 30, 2003**

monthly meetings between Roy Barnes and the NADAP Director of Finance/CFO, these reimbursements were reviewed and approved by WP-CWE in these meetings. Never at any time did NADAP exceed its authority, budgetary constraints, or reimburse itself without WP-CWE approval.

Please see the next page for the restatement of the WP-CWE administrative and programmatic expenses.

WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
 Worker Education and Training
 For the Period October 2, 2002 through November 30, 2003

Westchester/Putnam Counties Consortium
 Restatement of Charges to Administration and Programmatic Costs
 October 1, 2002 through November 30, 2003

Components	USDOL OIG Amt	Charge to Pgm or Admin	Assign to Admin Costs	Reason to Assign to Admin	Assign to Pgm Costs	Reason to Assign to Pgm Costs	Disallow	Reason for Disallow
WP-CWE Directors Salaries and Fringes	\$27,385	Admin	\$27,385	Consortium Admin Expense	\$0	N/A	\$0	N/A
Legal Fees - Barnes, Iaccarino, Virginia, Ambinder, & Shepherd and JacksonLewis	\$24,667	Pgm	\$0	N/A	\$18,757	Legal Fees associated with the operation of WP- CWE Activities	\$5,910	Roy Barnes is an officer of the Law Firm - disallowed by Federal OMB Circular 122
Audit Fees	\$5,070	Admin	\$5,070	Consortium Admin Expense	\$0	N/A	\$0	N/A
Rent	\$8,335	Pgm	\$0	N/A	\$8,335	Payment for space rented solely for WP-CWE training.	\$0	N/A
Admin Costs Assigned to Grant for Pension and Payroll Services	\$2,698	Admin	\$2,698	Consortium Admin Expense	\$0	N/A	\$0	N/A
Consortium Insurance	\$2,697	Admin	\$2,697	Consortium Admin Expense	\$0	N/A	\$0	N/A
NADAP 15% Admin - Indirect Rate	\$58,043	Pgm	\$0	N/A	\$58,043	Indirect Rate is NADAP expense as provider of direct services	\$0	N/A
Community Relations and Staff Development	\$1,011	Pgm	\$0	N/A	\$1,011	A Direct program expense for WP-CWE Activities.	\$0	N/A
Salaries - Tracy-Admin Assistant and Olufemi- Contract Manager	\$38,728	Pgm	\$0	N/A	\$38,728	A program expense related to WP-CWE Activities.	\$0	N/A
Total Expenses Questioned by USDOL OIG	\$168,634		\$37,850		\$124,874		\$5,910	

WP-CWE Response to USDOL OIG Audit of the Westchester-Putnam Counties Consortium for
Worker Education and Training
For the Period October 2, 2002 through November 30, 2003

WP-CWE Agency Response, Page 10

Results and Findings – Grantee Provided Pre-Apprenticeship Training, but 28 percent of Adult Participants Were Not Eligible

“WP-CWE identified participants who were unemployed but did not identify any participants as dislocated workers, minorities, welfare recipients or recovering substance abusers. Of the 47 participants reported, 13 were not eligible because they: (1) did not have proof of high school diploma or GED attainment and or (2) were employed but not identified with other target groups.”

All of the participants in the program were deemed eligible and part of an identified target group that had either a GED or high school diploma. All of the participants verbally attested to having a diploma and declared so on the application. The WP-CWE partnered with the Yonkers and Westchester One Stop Centers in order to recruit qualified candidates. Information supplied by these sources, as per their data base, was determined to be acceptable proof for the program along with the individual attestation. The grant monitoring officer did not notify WP-CWE of the requirement to obtain a copy of the high school diploma prior to enrollment in the program. In addition, the State DOL One Stop Operating System (OSOS) system contained information verifying the high school diploma of these individuals.

(1) As the program began its operations, WP-CWE was informed that the SheetMetal Local did not require a high school diploma for all of their union members (See Attachment C). The WP-CWE still inquired about their diplomas, obtained written verification and this information was supported by the OSOS data base. The Operating Engineers stated that they would allow participants into their program without obtaining a copy of their high school diploma.

(2) The minority status of each customer was done by a visual evaluation and an indirect inquiry into their ethnic background, at the interview. New York State Human Rights Law, Section 296.10 subsection b-d states that it “strictly prohibits agencies from asking certain questions either in an application or personal interview before selecting an employee, apprentice etc.” These are the guidelines that the State Certified Apprenticeship programs must adhere to and WP-CWE followed these guidelines. Most of the participants of the program were referred by the Yonkers or Westchester One Stop Centers. The DOL OSOS database included their ethnic heritage. (See Attachment D). The WP-CWE’s program provides the pre-apprentices with experience in the trade which gives the applicant additional points in their Apprenticeship application. State regulations prohibit the Unions from accepting individuals solely on race.

One of the participants was under-employed and was working only part time 16 to 20 hours a week. WP-CWE deemed this individual eligible for the program due to his under employment and part time status.

**NOTE: THIS PAGE OF W-P CWE'S RESPONSE TO THE DRAFT REPORT
CONTAINS PERSONAL IDENTIFYING INFORMATION PROTECTED BY THE
PRIVACY ACT AND HAS BEEN OMITTED FROM THE FINAL REPORT**

MINUTES OF THE MEETING
OF THE
WESTCHESTER-PUTNAM COUNTIES CONSORTIUM
FOR WORKERS EDUCATION AND TRAINING, INC.

A MEETING OF THE DIRECTORS OF THE WESTCHESTER-PUTNAM COUNTIES CONSORTIUM FOR WORKER EDUCATION AND TRAINING INC. ("THE CONSORTIUM") WAS HELD AT THE OFFICE OF ROY BARNES, ESQ. LOCATED AT 258 SAW MILL RIVER ROAD, ELMSFORD, N.Y. ON OCTOBER 20, 2003

PRESENT AT THE MEETING WERE:

EDWARD DOYLE, PRESIDENT/PROJECT DIRECTOR
ROSS PEPE, DIRECTOR
JOHN DARIN, PRESIDENT OF NADAP
PAT FLOGER, DIRECTOR
ROY BARNES, SECRETARY-TREASURER/DEPUTY PROJECT DIRECTOR

Director Ucci could not be present at the meeting but was available to participate in any important decision by telephone.

The Directors reviewed the minutes of the meeting that was held on October 10, 2003. After discussion, upon motion made, seconded and carried the minutes were adopted.

John Darin submitted a copy of the Consortium's Financial Statement for the year ending December 31, 2002. The statement had been prepared by the Consortium's accountant T.S. Anand & Company. The directors reviewed the financial statement and questioned John Darin and Roy Barnes regarding several items contained in the statement. Mr. Barnes explained that the item in the statement for professional fees in the amount of \$411, 025 for the program for the year ending December 31, 2002 reflected payments made by the Consortium to NADAP. NADAP had been sub-contracted to provide the Consortium's services. Mr. Darin explained that the Consortium had an obligation to file continuing disclosure statements with the Department of Labor and Federal agencies, and stated that his organization is responsible for operating the Consortium's programs through the NADAP organization. Mr. Barnes explained that this alleviates a continuing

funding problem and waiting for grants of this nature in which the grant is made months prior to the release of any funds.

Following review, the Directors adopted the Financial Statement prepared by the Consortium's accountant for the year ending December 31, 2002.

Mr. Darin reported on the successful Construction Career Day held at the Peekskill Armory on April 4, 2003. He also reported that a video tape was made of the Career Day which would be distributed to all of the Affiliates of the Building Trades Council and employers that participated in the Career Day program.

Mr. Barnes recommended that video copies of the Career Day be prepared for distribution to other interested parties so that next year's Career Day could be even more successful. The Directors agreed with Mr. Darin's and Mr. Barnes' recommendations.

Mr. Darin reported on the activities of the Consortium, and that the Consortium had received grants in the amount of \$450,000 for fiscal year 2003-2004. He reported that applications have been made for Federal Grants with Nita Lowey and Sue Kelly and that he anticipated that some monies would be forthcoming from the Federal Government. However, the funding problems resulting from the Iraq War may stymie the Consortium's efforts to gain Federal Grant money this year.

Mr. Darin reported on the application made by NADAP to the Yonkers Workforce Investment Board to operate the One-Stop Center in the City of Yonkers. This matter was held up due to the mayoral elections for the City of Yonkers. It was noted that the current One-Stop operator in Yonkers was not putting any effort into the training and recruiting of workers for the building trades. NADAP is independent from the Consortium but NADAP will work with the Consortium if the application is approved.

Mr. Darin distributed a copy of the Program Activities of the Consortium for the period September 2003 through April 2004. He reported that successful classes have been completed by the Bricklayers, Carpenters, Operating Engineers Local 30, and Sheetmetal Workers. New programs are being developed for the next fiscal year.

Ross Pepe recommended that the next Career Day include a special session be devoted to Employers in the area regarding the recruitment efforts of the Consortium and the availability of work opportunities in the construction trades through the Career Day program. He recommended a special seminar be conducted and that Employers be invited to attend. The Directors agreed.

Mr. Barnes reported that the Mount Vernon School District Project Labor Agreement, the Pelham School District Project Labor Agreement, and the New Rochelle School District Project Labor Agreement contained provisions that require that the Building Trades agree to the Pre-Apprentice program and that individuals that complete the program be referred to the respective Building Trades Apprenticeship Program for apprenticeship training.

There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.

*Westchester-Putnam Counties
Consortium For Worker Education and Training, Inc.*

20 South Broadway, Suite 1201, Yonkers, NY 10701 • 914-709-1373 Fax 914-709-1377

September 20, 2006

Mr. Mark L. Schwartz
Regional Inspector General for Audit
US – DOL New York Regional Audit Office
201 Varick Street
New York, N.Y. 10014

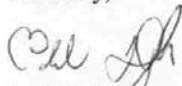
Dear Mr. Schwartz:

In preparation for the receipt of the \$500,000 Earmark Grant, the Westchester-Putnam Counties Consortium for Worker Education and Training, Inc. (WP-CWE) entered into a sub-contract agreement with NADAP, Inc in April 2002. I worked closely with Lucy Redzeposki, NADAP's Director, before, during and after the implementation of the grant activities.

I hereby certify that the following activities took place as part of the implementation of the Pre-Apprenticeship Classes that were held with monies provided by the \$500,000 earmark grant:

- Prior to implementation of the classes, various meetings were held with Ms. Redzeposki to identify the trades that would participate in the Pre-Apprenticeship classes, provide guidance on how to proceed in contacting the identified Unions, determine the scope of the Pre-Apprenticeship classes and the recruitment strategy to be used.
- I contacted various unions to obtain their support of the programs and follow up on the work performed by NADAP.
- I routinely met and discussed with Lucy the status of recruitment, the background on the proposed trainees, and made the final decision as to which Pre-Apprenticeship classes would be held.
- While the trainings were taking place, I met with Ms. Redzeposki to discuss the status of the classes.
- Once the classes were completed, I worked with Ms. Redzeposki to provide guidance and assistance to ensure that our trainees were accepted into the State Certified Apprenticeship Programs.
- I provided feedback to NADAP, Inc. as to their performance as per their contractual obligations.

Sincerely,



Eddie Doyle
President

*Westchester-Putnam Counties
Consortium For Worker Education and Training, Inc.*

20 South Broadway, Suite 1201, Yonkers, NY 10701 • 914-709-1373 Fax 914-709-1377

September 19, 2006

Mr. Mark L. Schwartz
Regional Inspector General for Audit
US – DOL New York Regional Audit Office
201 Varick Street
New York, N.Y. 10014

Dear Mr. Schwartz:

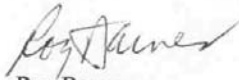
The Westchester-Putnam Counties Consortium for Worker Education and Training, Inc. (WP-CWE) entered into a sub-contract agreement with NADAP, Inc. to manage all aspects of the \$500,000 earmark grant which included the fiscal operations. I worked with Emily Kadin, NADAP's Finance Director, later NADAP's Chief Financial Officer, to review and approve, the fiscal operations of the Consortium.

I hereby certify that the following activities took place as part overseeing NADAP's management of the Consortium's finances as per the sub-contract agreement:

- Meetings were held with NADAP's Finance Director/CFO to develop the budget for the awarded funds.
- Monthly meetings were held to review, ensure NADAP's adherence to the budget to review and approved monthly transactions and to discuss any financial issues that arose.
- I reviewed the bank statements to ensure account activity was appropriate.
- I reviewed programmatic expenses to ensure that they were in line with plan and approved modifications if necessary.
- I authorized NADAP to draw down funds as needed and to make payments on outstanding bills.
- I authorized NADAP to transfer payments from the Consortium bank account to NADAP's bank account for reimbursement of services rendered.

In addition, NADAP's Finance Director/CFO did not think it was appropriate that the WP-CWE time sheets for Eddie Doyle and me were not countersigned before the NADAP payroll specialist received them. To correct this, I authorized the President of NADAP to sign the time sheets, not as an approval of our time, but as an indication that the time sheets were officially submitted for processing.

Sincerely,



Roy Barnes
Secretary/Treasurer

ATTACHMENT A

**WESTCHESTER – PUTNAM
COUNTIES CONSORTIUM
FOR WORKERS EDUCATION & TRAINING, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2003

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

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DECEMBER 31, 2002

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Statement of Activities	3
Statement of Functional Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8



T.S. Anand & Company
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Westchester - Putnam Counties Consortium
For Worker Education & Training, Inc.

We have audited the accompanying statement of financial position of Westchester - Putnam Counties Consortium For Worker Education & Training, Inc., as of December 31, 2002 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westchester - Putnam Counties Consortium For Worker Education & Training, Inc. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

T.S. Anand & Company CPAs, P.C.

May 29, 2003

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1350 Broadway, Suite 913, New York, NY 10018 Tel: (212) 695-5889 • Fax: (212) 695-0796
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WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2002

ASSETS

Current Assets:

Cash	\$ 45,332
Grants receivable	212,389
Total Current Assets	<u>257,721</u>

Property & Equipment:

Office equipment	8,555
Less: accumulated amortization	<u>(2,983)</u>
Net property & equipment	<u>5,572</u>

Other Assets:

Security deposit	<u>10,253</u>
Total Assets	<u>\$ 273,546</u> =====

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 193,163
Due to Department of Labor	18,489
Deferred revenue	<u>2,315</u>
Total Liabilities	<u>213,967</u>

Net Assets:

Unrestricted	<u>59,579</u>
Total Net Assets	<u>59,579</u>
Total Liabilities and Net Assets	<u>\$ 273,546</u> =====

The accompanying notes are an integral part of these financial statements.

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

Support and Revenue:

Grant income	\$ 629,300
Miscellaneous income	<u>377</u>
Total support and revenue	<u>629,677</u>

Expenditures:

Program services	624,955
Management & Administrative	<u>0</u>
Total expenditures	<u>624,955</u>

Change in net assets	\$ 4,722
	=====

Unrestricted

Net assets – beginning of year	\$ 54,857
Excess	<u>4,722</u>

Net assets – end of year	\$ 59,579
	=====

The accompanying notes are an integral part of these financial statements.

WESTCHESTER-PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.
STATEMENT OF FUNCTIONAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Program Service				Total Program	Management & Administrative	Total
	DOL	ETA	Invest				
<u>Support & Revenue</u>							
Grant income	\$ 476,615	\$ 129,685	\$ 23,000	\$	629,300	\$	629,300
Miscellaneous income						377	377
<u>Total Support & Revenue</u>	<u>476,615</u>	<u>129,685</u>	<u>23,000</u>		<u>629,300</u>	<u>377</u>	<u>629,677</u>
<u>Expenditures</u>							
Salaries	86,692	31,214			117,906		117,906
Payroll taxes	8,126	3,524			11,650		11,650
Fringe benefits	3,334				3,334		3,334
Occupancy	13,743	1,220			14,963		14,963
Professional fees	347,656	47,919	15,450		411,025		411,025
Program supplies	1,600	34,045	429		36,074		36,074
Consultants	11,250	10,518			21,768		21,768
Telephone	1,845				1,845		1,845
Office expense	303	414	1,304		2,021		2,021
Stipends	355	831			1,186		1,186
Equipment & Furniture			1,472		1,472		1,472
Depreciation	1,711				1,711		1,711
<u>Total Expenditures</u>	<u>476,615</u>	<u>129,685</u>	<u>18,655</u>		<u>624,955</u>		<u>624,955</u>
Excess of Support & Revenue over Expenditures	\$ -	\$ -	\$ 4,345	\$	4,345	\$ 377	\$ 4,722

The accompanying notes are an integral part of these financial statements.
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WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

Cash flows from operating activities:	
Change in net asset	\$ 4,722
Depreciation	1,711
Adjustments to reconcile change in net assets to net cash used in operating activities	
Increase in grants receivable	(232)
Increase in security deposits	(141)
Increase in accounts payable	48,359
Decrease in deferred revenue	<u>(174,427)</u>
Net cash used in operating activities	<u>(120,008)</u>
Cash flows from investing activities:	
Net cash used in investing activities	<u>0</u>
Cash flows from financing activities:	
Net cash used in financing activities	<u>0</u>
Net decrease in cash	(120,008)
Cash, beginning of year	<u>165,340</u>
Cash, end of year	\$ 45,332 =====

The accompanying notes are an integral part of these financial statements.

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WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Westchester - Putnam Counties Consortium For Worker Education & Training, Inc. is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of the organization's management who is responsible for their integrity and objectivity.

Organization Description

The Westchester - Putnam Counties Consortium For Worker Education & Training, Inc. (the Organization) provides qualified applicants from Westchester and Putnam Counties an introduction, education and pre-apprenticeship training in the Building and Construction Industry in Westchester and Putnam Counties, New York. The organization was incorporated on August 25, 1998 and began operations in January 1999.

Tax Status

The Organization is a not-for-profit organization and has elected to be exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required.

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for non-for-profit organizations," the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As required by this statement, the Organization has discontinued its use of fund accounting for external reporting purposes and has, accordingly, reclassified its financial statements to present classes of net assets. It continues, however, to maintain its books and record utilizing fund accounting to comply with the requirements to its various funding sources.

In accordance with SFAS no. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist primarily of cash, grants and loans receivable. The organization places its cash and investments with high credit quality institutions. The Federal Deposit Insurance Corporation insures accounts up to \$100,000.

The grants receivable consist of amounts due from state funding sources. Because the grants and other fundings are evidenced by signed contracts management believes there is negligible credit risk associated with these amounts, and therefore, no allowance for doubtful accounts is considered necessary.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Amounts due from government agencies are costs incurred and consist of unreimbursed expenditures of the current year. Similarly, amounts due to government agencies represent the excess of advances received over expenditures incurred. The acceptability of these amounts, as well as other expenditures of the program, is subject to final determination by the government funding source.

Property and Equipment

Property and equipment are stated on the statement of financial position at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Certain expenditures for property and equipment incurred during the current period are included as expenses in the statement of functional activities because the purchase of these items were reimbursed by governmental funding sources where the contractual agreement specifies that title to these assets rests with the funding source rather than the Organization.

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

Note 2 GRANTS RECEIVABLE

Grants receivable at December 31, 2002 is as follows:

Due from Department of Labor	\$ 212,389
	=====

Note 3 DEFERRED REVENUE

Deferred revenue represents the amount of the grant which will be recognized in the following year.

Note 4 DUE TO DEPARTMENT OF LABOR

This amount represents funds received from the Department of Labor which the Organization has yet to issue expenditures to support these funds. The Organization may be required to pay this amount back at a later date.

Note 5 LEASE COMMITMENT

The organization entered into a five-year lease commencing on March 1, 2001 for office and training facilities located at 20 S. Broadway, Yonkers, New York. The lease provides annual minimum lease commitments as follows:

<u>Year ended December 31,</u>	
2003	\$29,094
2004	\$30,548
2005	\$32,076
2006	\$ 5,389

ATTACHMENT B

**WESTCHESTER – PUTNAM
COUNTIES CONSORTIUM
FOR WORKERS EDUCATION & TRAINING, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2003

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

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Statement of Activities	3
Statement of Functional Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8



T.S. Anand & Company
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Westchester - Putnam Counties Consortium
For Worker Education & Training, Inc.

We have audited the accompanying statement of financial position of Westchester - Putnam Counties Consortium For Worker Education & Training, Inc., as of December 31, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westchester - Putnam Counties Consortium For Worker Education & Training, Inc. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

T. S. Anand & Company CPAs, P.C.

April 26, 2004

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1350 Broadway, Suite 913, New York, NY 10018 Tel: (212) 695-5889 • Fax: (212) 695-0796
www.tsanandco.com

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003

ASSETS

Current Assets:

Cash	\$ 59,169
Grants receivable	109,368
Other receivable	<u>9,145</u>
Total Current Assets	<u>177,682</u>

Property & Equipment:

Office equipment	8,555
Less: accumulated amortization	<u>(4,694)</u>
Net property & equipment	<u>3,861</u>

Other Assets:

Security deposit	<u>10,253</u>
Total Assets	<u>\$ 191,796</u> =====

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 129,773
Total Liabilities	<u>129,773</u>

Net Assets:

Unrestricted	<u>62,023</u>
Total Net Assets	<u>62,023</u>
Total Liabilities and Net Assets	<u>\$ 191,796</u> =====

The accompanying notes are an integral part of these financial statements.

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Support and Revenue:

Grant income	\$ 749,180
Miscellaneous income	<u>56</u>
Total support and revenue	<u>749,236</u>

Expenditures:

Program services	765,281
Management & Administrative	<u>0</u>
Total expenditures	<u>765,281</u>
Change in net assets	(16,045)
Net assets – beginning of year	59,579
Prior year adjustment (Note 4)	<u>18,489</u>
Net assets – end of year	\$ 62,023 =====

The accompanying notes are an integral part of these financial statements.

WESTCHESTER-PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

STATEMENT OF FUNCTIONAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Program Services				Total Program	Management & Administrative	Total
	DOL	ETA	Invest				
Support & Revenue							
Grant income	\$ 286,865	\$ 462,315	\$ -	\$ -	\$ 749,180	\$ -	\$ 749,180
Miscellaneous income						56	56
Total Support & Revenue	286,865	462,315	-	-	749,180	56	749,236
Expenditures							
Salaries	62,175	20,830			83,005		83,005
Payroll taxes	7,714	1,938			9,652		9,652
Fringe benefits		133			133		133
Professional fees	216,970	402,169	560		619,699		619,699
Program supplies			62		62		62
Telephone			5,823		5,823		5,823
Office expense	7		88		95		95
Stipends		37,245			37,245		37,245
Equipment & Furniture			7,856		7,856		7,856
Depreciation	1,711				1,711		1,711
Total Expenditures	288,577	462,315	14,389		765,281		765,281
Excess of Support & Revenue over Expenditures	\$ (1,712)	\$ -	\$ (14,389)	\$ -	\$ (16,101)	\$ 56	\$ (16,045)

The accompanying notes are an integral part of these financial statements.

WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities:	
Change in net asset	\$ (16,045)
Depreciation	1,711
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Decrease in grants receivable	103,021
Increase in other receivable	(9,145)
Decrease in accounts payable	(63,390)
Decrease in deferred revenue	<u>(2,315)</u>
Net cash provided by operating activities	<u>13,837</u>
Cash flows from investing activities:	
Net cash used in investing activities	<u>0</u>
Cash flows from financing activities:	
Net cash used in financing activities	<u>0</u>
Net increase in cash	13,837
Cash, beginning of year	<u>45,332</u>
Cash, end of year	\$ <u>59,169</u> =====

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WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

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WESTCHESTER - PUTNAM COUNTIES CONSORTIUM
FOR WORKER EDUCATION & TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

Note 2 GRANTS RECEIVABLE

At December 31, 2003, grants receivable consisted of the following:

Due from Department of Labor	\$ 109,368
	=====

Note 3 DEFERRED REVENUE

Deferred revenue represents the amount of the grant which will be recognized in the following year.

Note 4 PRIOR YEAR ADJUSTMENTS

Management has elected to write off \$18,489 received in 1999 from a funding source. It is management's belief that this amount is no longer due to the funding source.

TEL (845) 278-6983

Attachment C

FAX (845) 279-1077



SHEET METAL WORKERS CRAFT TRAINING FUND

OF WESTCHESTER, ROCKLAND, PUTNAM, DUTCHESS, ORANGE, ULSTER
SULLIVAN, FAIRFIELD AND LITCHFIELD COUNTIES

P.O. BOX 119
BREWSTER, NY 10509



August 3, 2006

Lucy Redzeposki
Westchester-Putnam Consortium
For Worker Education & Training, Inc.
20 South Broadway, Suite 1201
Yonkers, New York 10701

Dear Lucy:

As you know, we partnered in 2003 to hold a Pre-Apprenticeship training session to prepare individuals to enter and succeed as a member of the Sheet Metal Local 38. We prepared individuals to either enter the Apprentice Program or join the Local as a Classified Worker. The enrollment process included an assessment of the individuals to determine if they would in fact join the local as an Apprentice or begin as a Classified Worker. As a Classified Worker, a high school diploma or a GED is not necessary. They begin working, are encouraged to obtain their high school diploma and ultimately can join the Apprenticeship program.

A number of the participants in the pre-apprenticeship program were identified as possible classified workers. This provides them with entry-level sheet metal work while being a member of the Union. Therefore, the requirement of having a high school diploma was relaxed.

Should you have any questions or require any further information, please let me know.

Sincerely,

Robert J. Dutra
RJD:lm

**NOTE: ATTACHMENT D OF W-P CWE'S RESPONSE TO THE DRAFT REPORT
CONTAINS PERSONAL IDENTIFYING INFORMATION PROTECTED BY THE
PRIVACY ACT AND HAS BEEN OMITTED FROM THE FINAL REPORT**