



Missouri's Source For Training and Business Financing

June 11, 2003

Mr. Charles M. Allberry
Regional Inspector General for Audit
Office of Inspector General
230 South Dearborn Street
Chicago, IL 60604

RE: Grant Number AC-10721-00-55

Dear Mr. Allberry:

Please find enclosed Rural Missouri, Inc.'s (RMI) response addressing findings contained in the draft audit report of RMI's National Farmworker Jobs Program grant for the period of July 1, 2000 through June 30, 2001.

If there are any questions, please call me.

Sincerely,

Ken Lueckenotte
Executive Director

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**Response to Draft Audit Report of National Farmworker Jobs Program
Grant Number AC-10721-00-55
By the Grantee, Rural Missouri, Incorporated**

**Performance Audit for the Program Year
July 1, 2000 through June 31, 2001**

Finding No. 1 - Ineligible Participants - the audit report stated that 11 participants were determined to be ineligible because although the participants themselves met the criteria for eligibility, they were dependents of non-farmworkers and therefore ineligible.

Response - There is some confusion regarding the issue of determining program eligibility of individuals who are dependent family members. WIA guidelines state that an individual must be: an “eligible farmworker” **OR** a “dependent” of an eligible farmworker. An “eligible farmworker” is defined as a **person** who, during the eligibility determination period is a migrant farmworker or a seasonal farmworker **AND** whose family is disadvantaged.

RMI interpreted these guidelines to mean that individuals are made eligible based on their work history and their total family income - without regard to their “dependency” status and has enrolled participants under that assumption.

It is also our understanding that an “eligible farmworker” or a “dependent” of an eligible farmworker is clearly eligible for assistance in the WIA Youth Grants.

NFJP Bulletin 00-02 provides Policy Guidance on determining Eligibility, but offers no clarification about dependency status. Several policy guidance DRAFTS were developed for review after Bulletin 00-02 was issued in July, 2000, but none have been issued in a Bulletin as final Policy Guidance.

All of the 11 participants found to be ineligible were enrolled within the first quarter of Program Year 2000. Ten of the eleven were enrolled on, or prior to, August 16, 2000. Since the policy guidance drafts that were developed in December, 2000 and April, 2001 indicated that individuals who could be considered farmworkers but who were also dependents of non-farmworkers were ineligible for program services; RMI has discontinued serving individuals who fall into that category.

RMI agrees that these 11 participants were dependents of non-farmworkers, although at the time of enrollment, we did not feel that we were determining eligibility inappropriately. RMI was operating our program in good faith, based on our understanding of the eligibility guidelines. The definition of “eligible farmworker” had not changed since the inception of JTPA in 1983 and was never questioned in previous monitoring visits by DOL staff.

Finding No. 2 - Improper Allocation of Direct Costs - the audit report stated that direct costs of RMI's loan program were recorded to the Administrative fund in error.

Upon notification of the error in allocation of joint costs, RMI immediately changed the method of charging expenses by direct costing appropriate items to the loan program. RMI management is now reviewing the cost allocations quarterly to ensure expenses are direct charged and allocated in accordance with acceptable cost principles. During the program year in question, July 2000-June 2001, administrative expenses were \$159,168 of the total grant expenditures of \$1,107,656, or 14.36%, well within the regulatory limit of 15%.

Finding No. 3 - Lack of Documentation of Eligibility Determination - the audit report stated that RMI does not maintain a master list of NFJP applicants who were determined to be ineligible.

There was a misunderstanding when the auditors questioned RMI staff about maintaining a master list of ineligible applicants. Although RMI does not maintain a record of individuals who call to ask about our program, we do maintain records of all individuals who complete an application and are found to be ineligible for the program. This process was explained to the auditors during the exit interview when it became clear that there was mis-communication regarding this topic.

When an individual inquires about our program by phone or through another agency, he/she is given a "pre-application" to complete and submit to the RMI Field Representative who serves their area. Once the pre-application is received by RMI staff, the individual is notified and told whether or not he/she is eligible for the program. These applications are kept on file by the RMI Field Representatives who receive them.

In addition, applications which are received in RMI's main office and determined to be ineligible are kept on file. These files were shown to the auditors during the exit interview.