

AUDITEE RESPONSE



MISSISSIPPI DEPARTMENT *of* EMPLOYMENT SECURITY
OFFICE OF THE GOVERNOR
Ms TOMMYE DALE FAVRE
EXECUTIVE DIRECTOR

September 20, 2007

Mr. Michael K. Yarbrough
Regional Inspector General for Audit
Office of Inspector General
61 Forsyth Street SW
Atlanta, Georgia 30303

Dear Mr. Yarbrough:

SUBJECT: State of Mississippi
Hurricane Katrina National Emergency Grant

This letter provides our reply to report number 04-07-006-03-390 resulting from an audit conducted by the Office of Inspector General (OIG). The attachments include the Mississippi Department of Employment Security's (MDES) response and supporting documentation.

We appreciate the courtesies and technical assistance provided by your staff during the review. If you have any questions, please contact Wanda Land at 601-321-6597 or wland@mdes.ms.gov or Yolonda Boone at 601-321-6127 or yboone@mdes.ms.gov.

Sincerely,

A handwritten signature in black ink that reads "Les Range" with a stylized flourish at the end.

Les Range
Deputy Executive Director

Attachment

1235 ECHELON PARKWAY • JACKSON, MISSISSIPPI 39213
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**Mississippi Department of Employment Security (MDES)
National Emergency Grant (NEG) Audit Response**

This response addresses the objective and findings outlined in the U.S. Department of Labor-Office of Inspector General's (OIG) report number 04-07-006-03-390. The OIG objectives and findings listing below have been abbreviated. The complete report is on file with the MDES.

Objective 1: Were NEG expenditures allowable, reasonable, allocable, and reported accurately?

OIG RESULTS:

Background check expenses were misclassified as "support services cost" rather than "administrative cost". The criminal background check expenses are allowable, but should have been classified as administrative cost.

MDES RESPONSE:

In the aftermath of Hurricane Katrina, the Mississippi school system faced the challenge of educating displaced students with displaced teachers in makeshift schools and overcrowded conditions. Tutors, cafeteria workers, and administrative assistants were assigned to these schools to aid in the recovery.

Section 101 (46) of the Workforce Investment Act states the term "supportive service" means services such as transportation, child care, dependent care, housing, and needs-related payments, that are necessary to participate in activities authorized under this title, consistent with the provisions of this title. This definition was not interpreted to be an all inclusive listing of the types of support services that can be provided under the NEG.

Section 663.805(b) further states that supportive services may only be provided when they are necessary to enable individuals to participate in title I activities. In addition, Mississippi state law requires criminal background checks for individuals working in the school system. The criminal background checks were necessary to allow individuals assigned to the school system to participate in the temporary jobs component and were therefore classified as a supportive service.

Objective 2: Were NEG Activities and Outcomes Reported Accurately?

MDES reported NEG activities and outcomes accurately, with minor exceptions. MDES underreported the number of participants enrolled for the period ending March 31, 2006 by two percent. We found that two participants were incorrectly reported as having received training and one individual had not been reported as having participated in the public service employment program.

MDES RESPONSE:

Adjustments have been posted to the participant tracking system to correct these errors.

Previously Reported Mississippi NEG Issues

OIG Finding 1: Mass Enrollment of College Students in the NEG Training Program

We found that 39 of a sample of 125 NEG participants, or 31 percent, from the Twin Districts Workforce Area (TDWA) were already attending college when they entered into ITAs funded by the NEG.

OIG Recommendation:

The OIG management letter recommended that the Assistant Secretary of Employment and Training work with Mississippi to ensure that NEG participants, including college students, met the eligibility criteria for training and funding be discontinued to ineligible participants. After reviewing the actions taken by TDWA and MDES, the ETA Grant Officer will make a determination as to whether these actions are adequate to correct the problems identified.

MDES RESPONSE:

MDES submitted a corrective action plan to the USDOL ETA which outlined steps to be taken to address eligibility concerns cited by the OIG. The plan included a 100 percent State level review of NEG participant files. MDES has requested a letter of final determination from the ETA Grant Officer. A copy of the request is attached. Upon receipt, MDES will also forward to the OIG a copy of the final determination letter.

Finding 2: No Plans to Review Eligibility Determinations

Mississippi had no system in place to determine whether information provided by participants was factual, or to terminate assistance in the event that participants were found to be ineligible.

OIG Recommendation:

We recommend that the Assistant Secretary of Employment and Training issue policy guidance that would require adequate documentation of eligibility of college students under the NEG grant based on self-certification; and require Mississippi to review all NEG participant files. ETA agreed to follow up in writing with the grantee to ensure that MDES had a system in place to review eligibility determinations.

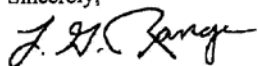
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Dr. Helen Parker
September 7, 2007
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Sincerely,



Les Range
Deputy Executive Director

cc: Andrew Gill
Gary Lukens