

STATE OF LOUISIANA

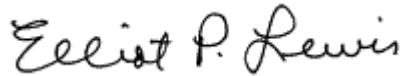
**EVALUATION OF GRANT OBLIGATIONS
AND EXPENDITURES**

**WORKFORCE INVESTMENT ACT GRANTS
AND JOB TRAINING PARTNERSHIP ACT
TRANSITION FUNDS**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

JULY 1, 2000 THROUGH DECEMBER 31, 2001

This agreed-upon procedures report was prepared by Harper, Rains, Stokes and Knight, P.A., under contract to the U.S. Department of Labor, Office of the Inspector General, and, by acceptance, it becomes a report of the Office of Inspector General.



Assistant Inspector General for Audit
U. S. Department of Labor

**Report No: 04-03-008-03-390
Date Issued: March 28, 2003**

HARPER, RAINS, STOKES, & KNIGHT, P.A.

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ACRONYMS

DOL	U.S. Department of Labor
ETA	Employment and Training Administration
FIFO	First-In-First-Out
FSR	Financial Status Report
FY	Fiscal Year
JTPA	Job Training Partnership Act
LDOL	Louisiana Department of Labor
MER	Monthly Expenditure Report
OGCM	Office of Grants and Contract Management
OIG	Office of the Inspector General
PY	Program Year
WIA	Workforce Investment Act
WIB	Workforce Investment Board

HARPER, RAINS STOKES & KNIGHT

Mr. Elliot P. Lewis
Assistant Inspector General for Audit
Office of Inspector General
U.S. Department of Labor

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We performed the procedures enumerated in the "Procedures and Findings" section of this report. The U.S. Department of Labor (DOL), Office of Inspector General (OIG), agreed to these procedures for evaluating the State of Louisiana's obligation and expenditure activities for available Job Training Partnership Act (JTPA) balances and Workforce Investment Act (WIA) funds which occurred during the period July 1, 2000 through December 31, 2001.

The Department of Labor of the State of Louisiana is responsible for reporting grant obligations and expenditures to the Employment and Training Administration (ETA). ETA is responsible for recording grant obligations and reported expenditures in DOL's general ledger.

This agreed-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of your office as the specified user of the report. Consequently, we make no representation regarding the sufficiency of the procedures performed for the purpose for which this report has been requested or for any other purpose.

The results of our procedures are described in the "Procedures and Findings" section of this report.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the amounts reported by the State as obligations, expenditures and unobligated balances. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOL-OIG, and is not intended to be and should not be used by anyone other than the specified party.

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

July 17, 2002

SUMMARY OF RESULTS

We summarized the WIA funds obligated and expended by the State of Louisiana as of December 31, 2001. We determined that obligation information reported by the State to ETA on Financial Status Reports (FSRs) included actual obligations for Statewide activities. However, obligations reported on FSRs attributable to Local Board activities represented amounts that had been expended by the Local Boards. This method of reporting understates actual obligations.

We found that the accounting records supported amounts reported as expenditures on quarterly financial reports. Procedures were established for recording transactions on the accrual basis of accounting in accordance with Federal regulations. However, we found that two of the three Local Boards visited used the cash basis of accounting for reporting information to the State. Expenditures reported to the State by the Local Boards were substantiated by monthly reports submitted from the Local Boards and subcontractors.

As of December 31, 2001, Louisiana had expended \$63.3 million of the \$143 million awarded, leaving \$79.7 million or 55.7 percent unexpended. At this rate of spending, it would take approximately 22 months to spend the remaining funds, during which time the State would receive additional WIA allocations.

The State employed a First-In-First-Out (FIFO) methodology by charging expenditures to the oldest funds available, rather than matching expenditures with the award applicable to the period in which the expenditures occurred. As a result, a particular period's performance could not be assessed due to the dissociation of its costs with its funding.

State of Louisiana's Response

The Louisiana Department of Labor provided a written response to our draft report, which is included in its entirety at Exhibit II. In general, the State agreed with the information presented in the report, but provided additional comments. Louisiana stated that charging expenditures to WIA grants on a FIFO basis is an acceptable practice under WIA regulations.

Our procedures were not intended to determine Louisiana's compliance with program requirements. However, by using the FIFO basis, Louisiana does charge current expenditures to prior period funds until exhausted.

BACKGROUND, SCOPE AND METHODOLOGY

Background

WIA, enacted in 1998, was designed to reform prior Federal job training programs and create a new comprehensive workforce investment system. The new system intends to provide customer-focused services, assist Americans in accessing the tools needed to manage their careers through information and services, and assist U.S. companies in finding skilled workers. The WIA superseded the JTPA and amended the Wagner-Peyser Act.

Initial grants for the WIA program were awarded by DOL, ETA, beginning in PY 2000. However, unexpended funds from the PY 1998 and PY 1999 JTPA programs were authorized for transition into the WIA program. Generally, the states are required to pass through approximately 85 percent of the awards received from DOL to Local Boards (subrecipients). States have the original program year plus two additional program years to spend the grant funds. However, funds allocated by a State to a Local Board for any program year are available for expenditure only during that program year and the succeeding program year. Funds that are not expended by a Local Board in this two-year period must be returned to the State.

States are required to report WIA activities on quarterly FSRs. Accrued expenditures and obligations are key items reported on the FSRs. Accrued expenditures are reported when a valid liability has been created through delivery of goods or services, regardless of when cash payment is made. For example, salaries earned by employees, but not yet paid, should be recorded as accrued expenditures. Obligations are reported when certain events occur which will require payment by the States or Local Boards in the same or a future period. Obligations are defined in the WIA regulation as follows:

...the amounts of orders placed, contracts and **subgrants awarded**, goods and services received, and similar transactions during a funding period that will require payment by the recipient or subrecipient during the same or a future period [20 CFR 660.300] (emphasis added).

However, according to ETA, Office of Grants and Contract Management (OGCM), States have verbally been instructed to report obligations incurred at the state level (Statewide Activities and Rapid Response) only for those amounts of funding for which a legal obligation exists at the State Level. Likewise, the States have been instructed to report obligations for Local Board activities (Local Administration, Youth, Adult and Dislocated Workers), only for those amounts of funding for which a legal obligation exists at the Local Board level. ETA had not clearly specified whether Local Board obligations or the State's pass-through awards should be included on FSRs.

Scope and Methodology

Our agreed-upon procedures encompass WIA funds awarded to Louisiana for PY 2000, FY 2001, PY 2001 and FY 2002, as well as PY 1998 and PY 1999 JTPA funds transitioned into the WIA program. Procedures were applied to grant activities reported by the State and three Local Boards (East Baton Rouge Parish Workforce Investment Board, the St. Landry Workforce Investment Board and New Orleans Workforce Investment Board) from July 1, 2000 through December 31, 2001.

In general, our procedures were designed to summarize Louisiana's WIA financial activity (obligations and expenditures) through December 31, 2001, to determine if the amounts reported to ETA agreed with the supporting accounting records, and to measure the extent to which the State and Local Boards have obligated and expended WIA funds.

PROCEDURES AND FINDINGS

- 1. Interview the appropriate State personnel regarding how information is accumulated from the Local Boards and about the preparation of the FSR 269s. Using this information, verify exactly what obligations were reported on the December 31, 2001 WIA Quarterly Financial Status Reports. Determine if the amounts passed through to the Local Boards are reported as obligations on the FSRs. Based on the information obtained, determine if the State is reporting obligations as described at 20 CFR 660.300 to include subgrants awarded to subrecipients.**

As of December 31, 2001, the amounts reported on FSRs as “obligations” by Louisiana represented amounts that Local Boards had expended for operation of the Adult, Youth and Dislocated Worker programs as well as administrative expenses at the Local Board level. Therefore, for those funds passed down to Local Boards, Total Federal Obligations were the same as Net Federal Outlays. The State’s total allocations of funding to the Local Boards were not reported to the DOL on the FSRs as Total Federal Obligations. However, for Statewide Activities and Rapid Response, the amounts reported as “obligations” were the actual obligations at the State level.

- 2. Determine how the State tracks the various funding periods for both State activities and Local Board activities, and if data is accounted for in a manner that will allow costs to be matched against the appropriate obligation.**

Based on discussions with representatives of LDOL, as well as examination of financial records at the State and Local Board levels, we determined that LDOL does not match expenditures with the appropriate fiscal period’s funding. Rather, current expenditures are charged to the oldest available funding.

Expenditure information reported to the State by Local Boards is segregated by funding period; however, expenditures were charged to the earliest year that funding remained available, rather than the year in which the expenditures accrued. As a result, a program’s cost could not be matched to the year in which it actually accrued.

3. Determine if the cost information (Outlays on the December 31, 2001 FSRs) was reported on the accrual basis of accounting as required at 29 CFR 97 and the WIA reporting instructions at 20 CFR 667.300 (c) (3).

As discussed in greater detail at item 8 of this report, reporting by Local Boards to the State consisted of the Monthly Expenditure Reports (MERs). MERs include among other things, expenditures incurred to date by Local Boards. These amounts then roll up into the Federal FSR as “Net Federal Outlays” and as “Total Federal Obligations”.

We reviewed the reporting instructions provided by LDOL to the Local Boards and determined that the amounts identified as “accrued expenditures” should be inclusive of expenditures that have been incurred but for which payment has not been made by the Local Boards. This manner of reporting is consistent with the accrual basis of accounting as required by 29 CFR 97 and the reporting instructions at 20 CFR 667.300.

However, after reviewing the MERs and supporting information at the Local Boards, we found that two of the three Local Boards visited, New Orleans Workforce Investment Board (WIB) and St. Landry WIB, reported expenditures on the cash basis rather than the accrual basis as instructed by LDOL. Therefore, the accrual basis of accounting was not employed uniformly in Louisiana in accordance with WIA reporting instructions at 20 CFR 667.300 (c) (3).

4. Determine what information is required to be reported by the Local Boards to the State, including the content, format, frequency and any written instructions issued by the State. Obtain copies of reports submitted by the Local Boards and copies of written instructions.

Our review of financial reporting requirements established by LDOL revealed that Local Boards are required to report total Federal funds available, monthly expenditures as well as cumulative expenditures to date on MERs each month of a fund’s availability period.

We obtained copies of MERs for the month ending December 31, 2001 for those Local Boards we visited.

5. Obtain or prepare from documents supporting the FSR 269s, a summary of the FSRs from the Local Boards and analyze this information to select the Local Boards to visit.

We summarized the allocations to the Local Boards and their reported expenditures. After analyzing this information, we made a judgmental selection of three Local Boards in which to conduct fieldwork. The Local Boards selected for site visits were the East Baton Rouge Parish Workforce Investment Board, the St. Landry Workforce Investment Board and the New Orleans Workforce Investment Board offices.

6. Compare the information compiled at ETA to the reports prepared by the States and explain any differences determined.

We examined the FSRs reported by LDOL to the DOL, and compared them to the corresponding data compiled at ETA. The information on the FSRs was consistent with the information compiled at ETA. Key elements of the FSR data were extracted from the reports, including Total Federal Funds Authorized, Obligations, Outlays (accrued expenditures), and the Unobligated Balance of Federal Funds for each funding stream, PY and FY. This extracted data was then used to perform the analytical procedures as described at item 7 of this report.

7. Perform an analytical review of the information obtained to develop trend information and investigate any unusual relationships noted.

Total Federal Funds Authorized

The table below shows the total WIA funds awarded by the DOL to the State of Louisiana since inception of the WIA program:

Funding Period	Beginning of Spending Period	Expiration of Spending Period	Total WIA Funds Awarded
PY 1998	JTPA transition	June 30, 2001	\$ 403,045
PY 1999	JTPA transition	June 30, 2002	\$ 11,799,090
PY 2000	July 1, 2000	June 30, 2003	\$ 34,855,558
FY 2001	October 1, 2000	June 30, 2003	\$ 31,745,279
PY 2001	July 1, 2001	June 30, 2004	\$ 36,095,469
FY 2002	October 1, 2001	June 30, 2004	\$ 30,648,466
Less:	Rescission of PY 2001 funds		(\$ 2,506,863)
	Total Awards		\$ 143,040,044

WIA funds are awarded on a PY basis from July 1 to June 30, except for Youth grants that are available in the April preceding the start of the PY. However, a portion of PY 2000 and 2001 funding denoted as “FY” above, was not available until October 1 of each respective PY.

7. (Continued)

WIA Funds Allocated

The data presented below reflect the total WIA funds allocated by the State as of the quarter ended December 31, 2001.

Funding Period	Total Funds Awarded (in millions)	Total WIA Funds Allocated to Local Boards (in millions)	Unobligated Portion of Allocated Funds (in millions)	Percent of Funding Unobligated
PY 1998	\$ 0.4	\$ 0.4	\$ 0.0	0.0 %
PY 1999	\$ 11.8	\$ 11.6	\$ 0.2	1.7 %
PY 2000	\$ 34.9	\$ 34.1	\$ 0.8	2.3 %
FY 2001	\$ 31.7	\$ 26.4	\$ 5.3	16.7 %
PY 2001	\$ 36.1	\$ 31.6	\$ 4.5	12.5 %
FY 2002	\$ 30.6	\$ 23.0	\$ 7.6	24.8 %
<u>Less:</u>				
PY 2001 Rescission	(\$ 2.5)	(\$ 2.5)	N/A	N/A
Total	\$ 143.0	\$ 124.6	\$ 18.4	12.9%

Note: Information in the above table was obtained from quarterly Financial Status Reports prepared by LDOL and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above.

According to Louisiana officials, in addition to obligations made at the State level Louisiana considers funds to be “obligated” upon their allocation to the Local Boards. Although the State considers all allocated funds to be obligated, total allocations are, nevertheless, not reported to the DOL on the FSRs as Total Federal Obligations. Instead, the amounts which have been expended at the Local Boards for the Local Administration, Adult, Youth and Dislocated Worker funding streams in addition to the obligations for the Statewide Activities and Statewide Rapid Response funding streams are reported on the line of the FSRs designated for “Obligations”. Of the total \$143 million available, \$18.4 million (12.9 percent) remained unobligated as of December 31, 2001.

7. (Continued)

WIA Funds Obligated

Data presented below reflect total WIA funds obligated as of the quarter ended December 31, 2001.

Funding Period	Total Funds Awarded (in millions)	Total WIA Funds Reported as Obligated (in millions)	Portion of WIA Funds Reported as Unobligated (in millions)	Percent of Funding Unobligated
PY 1998	\$ 0.4	\$ 0.4	\$ 0.0	0.0 %
PY 1999	\$ 11.8	\$ 11.6	\$ 0.2	1.7 %
PY 2000	\$ 34.9	\$ 29.8	\$ 5.1	14.6 %
FY 2001	\$ 31.7	\$ 18.5	\$ 13.2	41.6 %
PY 2001	\$ 36.1	\$ 5.9	\$ 30.2	83.7 %
FY 2002	\$ 30.6	\$ 1.6	\$ 29.0	94.8 %
<u>Less:</u>				
PY 2001 Rescission	(\$ 2.5)	N/A	(\$ 2.5)	N/A
Total	\$ 143.0	\$ 67.8	\$ 75.2	52.6 %

Note: Information in the above table was obtained from quarterly Financial Status Reports prepared by LDOL and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above.

Of the total \$143 million available, \$67.8 million (47.4 percent) was reported as obligated and \$75.2 million (52.6 percent) remained unobligated as of December 31, 2001. However, as mentioned at item number 1, the amounts reported as “Obligations” on the FSRs were actually expenditures at the Local Board level in addition to the amounts obligated at the State level.

7. (Continued)

Federal Expenditures

The following summary reflects total WIA expenditures reported by Louisiana through December 31, 2001. These amounts are recorded in DOL's general ledger.

Funding Period	Total Funds Awarded (in millions)	Total Expenditures (in millions)	Amount Unexpended (in millions)	Percent of Funding Unexpended
PY 1998	\$ 0.4	\$ 0.4	\$ 0.0	0.0%
PY 1999	\$ 11.8	\$ 11.6	\$ 0.2	1.7%
PY 2000	\$ 34.9	\$ 29.0	\$ 5.9	16.9%
FY 2001	\$ 31.7	\$ 17.0	\$ 14.7	46.4%
PY 2001	\$ 36.1	\$ 3.7	\$ 32.4	89.8%
FY 2002	\$ 30.6	\$ 1.6	\$ 29.0	94.8%
<u>Less:</u>				
PY 2001 Rescission	(\$ 2.5)	N/A	(\$ 2.5)	N/A
Total	\$ 143.0	\$ 63.3	\$ 79.7	55.7%

Note: Information in the above table was obtained from quarterly Financial Status Reports prepared by LDOL and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above.

Of the \$143 million WIA funds awarded to Louisiana, the State spent \$63.3 million (44.3 percent), leaving \$79.7 million (55.7 percent) unspent as of December 31, 2001. At this rate of spending, it would take approximately 22 months to spend the remaining funds, during which time the State would receive additional WIA allocations.

7. (Continued)

Expenditure Analysis by Funding Stream

The following provides a summary of the unexpended funding by program component:

Program Component	Amount Awarded (in millions)	Amount Unexpended (in millions)	Percent of Funding Unexpended
<u>Local Board Activities:</u>			
Adults	\$ 34.8	\$ 17.0	48.9 %
Dislocated Worker	\$ 27.4	\$ 16.0	58.4 %
Local Admin	\$ 11.1	\$ 4.6	41.4 %
Youth	\$ 37.8	\$ 21.7	57.4 %
Total Local Board Activities	\$ 111.1	\$ 59.3	53.4 %
<u>State Activities:</u>			
State-wide Activities	\$ 22.5	\$ 12.1	53.8 %
State Rapid Response	\$ 11.9	\$ 10.8	90.8 %
Total State Activities	\$ 34.4	\$ 22.9	66.6 %
<u>Less:</u>			
PY 2001 Rescission	(\$ 2.5)	(\$ 2.5)	0.0 %
Total Funding	\$ 143.0	\$ 79.7	55.7 %

Note: Information in the above table was obtained from the supporting schedules for the quarterly Financial Status Reports prepared by LDOL and summarized. Additionally, a portion of PY 2001 funding was rescinded as noted above.

The expenditure data submitted by the State through December 31, 2001, indicates that a significant amount of WIA funds at both the State and Local Board levels were not expended as of that date (66.6 percent and 53.4 percent, respectively).

8. **Interview the appropriate Local Board personnel regarding how information is accumulated and about the preparation of the Local Board reports to the State. Inquire as to the source of obligation, cost and/or payment information reported to the State by the Local Board, and determine if the information reported agrees with the corresponding source accounting records.**

Through discussions with Local Board personnel we determined that expenditure information, as well as funding availability by period are reported to the State using MERs. The MERs show Federal fund allocation for each PY and FY in addition to monthly and cumulative expenditures. We reviewed source accounting records at the three Local Boards we visited to determine if they supported the information reported to the State. In all instances, the Local Boards provided documentation supporting the amounts reported as expenditures on the MERs. As previously discussed, obligations are not accounted for at the Local level.

9. **Determine how the Local Board tracks the various funding periods and if data is reported and accounted for in a manner which will allow costs to be matched against the appropriate obligation or subcontract agreement.**

The Local Boards employ First-In First-Out (FIFO) methodology in charging expenditures to funding sources. This methodology does not allow for matching of a particular period's expenditures with the funding allotted to that period. As such, expenditures are not matched with the funding applicable to the period in which they accrued, rather they are charged against the oldest period with remaining funds until those funds have been exhausted. Expenditures will then be charged against the oldest subsequent periods' funding.

For example, any amount of PY 2000 funding that remained after PY 2000 had lapsed would be used to satisfy a subsequent period's expenditures until all of PY 2000 funding was exhausted. Subsequently, PY 2001 funding would have been used to satisfy the period's expenditures. Matching a period's expenditures against prior period funding in this manner dissociates the funding allotted to a specific period from the actual cost of performance during that period.

10. Determine how the Local Board defines an obligation and the point at which funds are considered to be obligated. Determine if the Local Board definition includes only anticipated expenditures to meet bona fide needs of the funding program year and for which a legal liability exists.

At the three Local Boards visited, representatives indicated that the “obligation” of funds coincides with the decision by Boards to authorize funding for a particular entity/ contractor to perform services under WIA. Funds are obligated in anticipation of making payments to service contractors in order to meet bona fide needs of the WIA program. The signing of a contract between the Board and a contractor results in a legal liability. However, as previously discussed, the Local Boards neither captured nor reported obligations.

The Local Boards’ definition includes only anticipated expenditures to meet bona fide needs for which a legal liability exists. However, as mentioned at item number 9 of this report, there is no matching of the funding year and year in which expenditures accrue due to the State’s and Local Boards’ use of FIFO methodology.

SAMPLE FINANCIAL STATUS REPORT

Following this title page is a WIA financial status report used to report program activities to DOL.

**Workforce Investment Act
Local Adult Program Activities**

**U.S. Department of Labor
Employment and Training Administration**



Financial Status Report		OMB Approval No. 1205-0408	Page of
1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	Expires: 02/29/04	pages

3. Recipient (Name and complete address, including ZIP code)

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
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8. Funding Year	9. Period Covered by the Report From: (Month, Day, Year)	To: (Month, Day, Year)
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10. Transactions:	Cumulative
a. Total Federal outlays	
b. Refunds, rebates, etc.	
c. Net Federal outlays (Line a minus b)	
d. Recipient outlays for allowable program activities	
e. Net Federal outlays	
f. Federal unliquidated obligations	
g. Total Federal obligations (Line e plus f)	
h. Total Federal funds authorized for this funding period	
i. Transfers from dislocated worker program activities	
j. Transfers to dislocated worker program activities	
k. Adjusted total federal funds available	
l. Unobligated balance of Federal funds (line k minus g)	
Program income consisting of:	
m. Disbursed program income using the addition method	
n. Undisbursed program income	
o. Total program income realized (Line m plus n)	

11. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

Typed or Printed Name and Title	Telephone (Area code, number and extension)
Signature of Authorized Certifying Official	Date Report Submitted

Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Respondents obligation to reply to these reporting requirements are Mandatory (WIA; 20 CFR 652 et al). Public reporting burden for this collection of information is estimates to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestion for reducing this burden to the U.S. Department of Labor, Office of Welfare-to-Work, Room N-4716, Washington, D.C. 20210 (Paperwork Reduction Project (1205-0408)).

EXHIBIT II

**THE COMPLETE TEXT OF
LOUISIANA'S REPOSE TO THE DRAFT
AGREED-UPON PROCEDURES REPORT**

Following this title page is the complete text of Louisiana's response to our agreed-upon procedures report, issued to them on March 4, 2003.



LOUISIANA WORKS
DEPARTMENT OF LABOR

M.J. "Mike" Foster, Jr.
Governor

Dawn Romero Watson
Secretary

March 20, 2003

OFFICE OF THE SECRETARY

Mr. Robert R. Wallace
Regional Inspector General for Audit
U. S. Department of Labor – OIG
61 Forsyth Street, S.W., Room, 6T20
Atlanta, Georgia 30303-3104

Dear Mr. Wallace:

This is our response to your letter dated March 4, 2003.

In the Summary of Results, it was noted that the State employed a First-In-First-Out methodology by charging expenditures to the oldest funds available.

Our response is that we did use the FIFO method on our 15% Statewide Activity and Rapid Response Activity WIA funds. The State has three years to spend their PY/FY allotted funds for a particular year of appropriations. Every July, the State receives another pool of PY/FY funds. To insure that we spend the oldest year of appropriation first, we use First-In-First-Out. The FIFO'ed expenditures are still within the **three year life** of that particular PY/FY pool of funds.

If you have any questions, please call Joseph Bryant, Undersecretary at (225) 342-3110.

Sincerely,

Dawn Romero Watson
Secretary of Labor

DRW/JB/sj