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April 4, 2003

Deborah Outten-Mills, Director
National Audit and Evaluations Office
U.S. Department of Labor
Office of Inspector General
200 Constitution Avenue, NW, Room N-5620
Washington DC 20210

Re: Report No. 21-03-001-03-365

Dear Ms. Outten-Mills:

This is to respond to the above-referenced audit report, addressed to Diane Swift, Indiana State Director. Please note that Transition Resources Corporation is Telamon's business name in the state of Indiana. The auditors reviewed documentation for Grant Number AC-10734-00-55, issued under authority of the Workforce Investment Act of 1998 (WIA) in the amount of \$850,271 for Program Year 2000.

The report questioned costs of services to National Farmworker Jobs Program customers in the amount of \$2,982 based on a determination by the auditors that program participants were either ineligible or that eligibility documentation was insufficient. Further, the report questioned costs of furniture for the state office in Indianapolis in the amount of \$3,545 based on a determination that the costs should have been charges to other grant awards. Specific notations as well as responses follow.

Ineligible Participants - Finding

Auditors questioned and requested recovery of \$2,982 in grant changes for participant services based on a conclusion that applicant files reviewed did not prove eligibility as they did not contain copies of documentation required by grant regulations to support eligibility. The total amount is broken down as:

- o \$1,932 – for services provided to a participant who was later determined ineligible and terminated from the program.
- o \$ 925 – for services provided to various participants for whom copies of documentation were not in files.

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- o \$ 125 – for services provided to a participant who was later determined ineligible and terminated from the program.

Statements in the draft report include:

- o "TRC did not have adequate documentation in the participants' files to support their eligibility determination."
- o "The files lacked attestations from the participants certifying to their eligibility."
- o "Since that information was lacking we looked for, but could not find other documents that would have documented the participants' eligibility, such as photocopies of: (1) a state issued identification card, (2) a government issued identification, (3) social security cards, (4) birth certificates, (5) INS cards, (6) W-2 forms, and (7) a verification letter from the last employer. These participants received only support services at TRC while traveling through Indiana and documentation was not obtained at the time of enrollment."

Ineligible Participants – Response

Our system and procedures for determining and documenting eligibility of NFJP applicants is constructed on the basis of the Workforce Investment Act, regulations at §669, Policy Guidance published at Bulletin 00-02 and sound business practice. Specific procedures for all functions of all NFJP activities, including eligibility determination, are published in the corporation's WIA Operations Manual. With respect to verification of available supplemental documentation, procedures are like those of law enforcement agencies. In this regard, manual instructions say:

"Determination of eligibility should be supported by available documentation showing authorization to work, draft registration, work history and income level. Copies should be made of all available documents for the customer service folder, and notation should be made on each copy concerning whether it has a seal, is notarized, or otherwise appears to be authentic. In no case should we keep original documents such as I-9's, draft registrations, or documentation showing work history and income including check stubs, W-2's, or other income tax forms."

The foregoing instruction takes into account the probability that, unlike applicant contacts in local offices, outreach to remote labor camps would be done without benefit of electronic photocopiers. In these cases, employees are instructed to view documents and record their identifying alpha-numeric characters (i.e. license and social security numbers, authorization card symbols, etc.). On the application form itself (Exhibit A) there is clear direction to note both the documents viewed and their identifiers. As a footnote, since the time of the

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review, affordable, portable telecopy equipment was introduced on the market and was purchased for use by outreach staff. This purchase was made in reaction to the OIG review although there continues to be no statutory or regulatory requirement that documents be photocopied.

"Attestation," as described in Bulletin 00-02 is "...a statement attesting that the information provided to the grantee for making its determination of the applicant's eligibility to receive services, is true and accurate to the best of his/her knowledge." Further, the Bulletin states that "The applicant authenticates the information by signing the certification statement used by the grantee." With respect to the auditors' contention that no applicants' attestations were recorded, we contend (see attachments) that each and every applicant for NFJP services from Transition Resources must certify that the information they have provided is true and accurate. On the application form (Exhibit B), above the applicant signature line, the statement reads:

"I authorize Telamon/Transition Resources to share information I have provided with other WIA One-Stop partners. I authorize access to any information concerning myself that is available from other WIA partners. This information is subject to review and verification, and I may have to provide documents to support it. I am aware that I may be denied services if and when I am found ineligible to receive services, and that I may be prosecuted if I have given false information. I all release of this information for verification purposes. I understand this statement as it has been read or explained to me. I have received a copy of complaint procedures."

It is our contention that all of the applications cited in the auditors' report did contain signed attestations by the participants sampled for this review. (See Exhibit(s) C.)

With respect to two participants noted in the report as having initially been determined eligible then later determined ineligible and terminated:

- o H Garcia (xxx-xx-9565) applied for services on May 25, 2001. When adding her income to that of her husband, the case manager failed to include \$3,425 earned by the applicant in non-farmwork, determined the applicant eligible and provided Related Assistance services in the amount of \$125. When the application form was subsequently screened by the Customer Records Specialist who noted the error, notice was immediately sent to the enrolling office that family income exceeded guidelines, resulting in immediate termination from the program.
- o M Rodriguez (xxx-xx-4778) applied for services on June 15, 2000. She was determined eligible, was eligible as documented by income verifications, and began receiving services in the accumulated amount of \$1,931.58. Her failure to continue active and cooperative participation resulted in her being terminated from the program on February 23, 2001. She returned to apply for services on October 22, 2001 and was

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determined ineligible for services. (See Exhibit D) Documentation on that determination was apparently reviewed by the auditors, who evidently attributed this second application action to the former action.

We believe that procedures in place to verify available eligibility documents of all applicants, including those who make contact with outreach staff in remote areas, are adequate and in compliance with regulations and other guidance for the NFJP. As indicated above, subsequent independent reviews of eligibility documents provide another opportunity to identify and correct mistakes. It is further critical to note, as reviewers did, that funds expended in these cases were nominal emergency assistance amounts; and that when participants desire to enter training, additional verification procedures are in place to prevent misexpenditures on ineligible applicants. In this regard, we request relief of these questioned costs under sections 184 (c) and (d) of the Workforce Investment Act and section 677.720 of WIA regulations.

Furniture Cost Charges – Findings

Auditors questioned and requested recovery of \$3,545 expended for furniture purchased for a new office location. The amount questioned is part of a total amount of \$9,306, all of which was originally charged to the NFJP grant but should have been partly charged to other grants. This determination was made after examining cost allocation documents generated by the grantee, known as "labor-tag" reports.

Furniture Cost Charges – Response

At the time of the furniture purchase, several grants were served by employees working in the Indianapolis office. Included were three WIA grants: The National Farmworker Jobs Program; Adult/ Dislocated workers in the North Central Workforce Investment area and MSFW Youth; and one from the Office of the Indiana State Chemist to provide pesticide training to farmworkers and farm owners. Staff initiating the purchase acknowledged that application of labor-tag percentages was overlooked in their haste to move into the new office location.

As the auditors alluded, all corporation employees are required to report time worked as to particular grants that benefit from their work, in increments of 15 minutes. Payroll data (the "labor-tag" summary) is then used to allocate fixed cost expenditures to applicable grant accounts.

When invoices for the furniture purchases were allocated to affected grants, only the NFJP grant was charged. The total amount of the invoices was \$9,305.72 (rounded to \$9,306 by the auditors). \$ 5,662.33 was chargeable to the NFJP grant and \$3,643.39 (not \$3,545 as stated in the auditor's report) should have been allocated to other grant accounts. Applicable adjustments have been made since the error was identified by the auditors, reducing charges to the NFJP grant by \$3,643.39.

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As this error resulted from a misallocation, not a misexpenditure, and was corrected after it was identified, we request relief from the questioned cost.

Summary

We believe that Telamon/Transition Resources employs fiscal systems more than adequate to safeguard federal funds, though they may be subject to error from time to time. The furniture purchase allocation error resulted from a single action, not typical of nor exemplifying systems in place on a day to day basis. Once identified, it was corrected.

In the same way, we believe that systems in place are adequate to make sound determinations of eligibility for the National Farmworker Jobs Program, including quick and direct action to end services if subsequent reviews or information tell us that a mistake was made. We cannot explain why the auditors have claimed that our eligibility determination system does not include information certifications signed by program applicants.

We do not believe that the errors noted in the report could be characterized as willful disregard of requirements, gross negligence or failure to observe accepted standards of administration; and we hope the Department will agree.

Thank you for the opportunity to answer these findings.

Sincerely,



Richard A Joanis
Executive Director

c: L Diane Swift
Alina Walker

1. OFFICE NUMBER _____

**TELAMON CORPORATION
TRANSITION RESOURCES CORPORATION
APPLICATION FOR ENROLLMENT PART II**

2. PROGRAM
 Adult 167
 Youth
 Other

3. APPLICANT'S NAME (Last) _____ (First) _____ (M) _____
 4. BIRTH DATE ____/____/____ 5. SOCIAL SECURITY NUMBER ____-____-____ 6. GENDER: MALE
 FEMALE
 7. CURRENT ADDRESS _____ ZIP _____ (FIPS Code) _____
 8. HOME ADDRESS _____ ZIP _____ (FIPS Code) _____
 9. HOME OR CONTACT PHONE _____ 10. EMERGENCY CONTACT _____

11. RACE
 ASIAN
 WHITE
 BLACK OR AFRICAN AMERICAN
 AMERICAN INDIAN OR ALASKAN NATIVE
 HAWAIIAN OR OTHER PACIFIC ISLANDER

12. FARMWORKER STATUS
 MIGRANT
 SEASONAL

14. ETHNICITY
 HISPANIC
 NOT HISPANIC

15. LABOR FORCE
 EMPLOYED
 UNEMPLOYED

16. U.I. STATUS
 CLAIMANT
 EXHAUSTEE
 NONE

18. HOUSING STATUS
 HOMELESS
 SINGLE FAMILY
 MULTI-FAMILY
 CAMP
 MOBILE HOME

13. BARRIERS TO EMPLOYMENT (check for yes)
 LIMITED ENGLISH PROFICIENCY
 OFFENDER
 HOMELESS (include runaway youth)
 DISPLACED HOMEMAKER
 LACKS SUFFICIENT WORK HISTORY
 LONG TERM AGRIC. EMPLOYMENT
 PREGNANT OR PARENTING YOUTH
 SUBSTANCE ABUSE
 LACKS TRANSPORTATION
 SINGLE HEAD OF HOUSEHOLD WITH DEPENDENTS UNDER AGE 18
 INDIVIDUAL WITH A DISABILITY
 TANF EXHAUSTEE

17. BASIC LITERACY SKILLS DEFICIENT
 YES NO

19. WOULD MOVE TO SUBSIDIZED FARMWORKER HOUSING IF AVAILABLE
 YES
 NO

20. OWNERSHIP OF DWELLING
 RENT
 OWN
 OTHER

21. DWELLING OVERCROWDED
 YES
 NO

22. IMMEDIATE NEEDS (CHECK IF YES)
 NUTRITIONAL
 CHILD CARE
 MEDICAL
 TRANSPORTATION

23. SELECTIVE SERVICE
 REGISTERED
 NOT REQUIRED
 WAIVER

24. VETERAN STATUS
 YES
 NO

25. TOTAL FAMILY SIZE _____
 26. UNDER AGE 18 _____
 27. CHILDREN 0-5 _____

28. EDUCATION STATUS (COMPLETED)
 ___ 0 NO SCHOOL GRADE
 ___ 01-11 ELEMENTARY/SECONDARY
 ___ 12 H.S. GRADUATE
 ___ 88 GED
 ___ 13-15 POST H.S. (TECH, VOC, COL.)
 ___ 16 BACHELOR'S DEGREE
 ___ 17 BEYOND BACHELOR'S DEGREE

29. STUDENT AT TIME OF ENROLLMENT (PART-TIME / FULL-TIME)

30. PUBLIC ASSISTANCE RECEIVED
 TANF
 GA, RCA, SSI/SSA
 FOOD STAMPS

31. DOCUMENTS PRESENTED TO VERIFY INCOME
 CHECK STUBS
 W-2 FORMS
 TAX RETURNS
 OTHER _____

32. DOCUMENTS USED TO VERIFY WORK AUTHORIZATION
 S.S. CARD DRIVERS LICENSE (state) _____ (#) _____

- PICTURE IDENTIFICATION (state) _____ (#) _____

- INS CARD (#) _____ (Exp. Date) _____

- BIRTH CERTIFICATE

- OTHER _____

33. APPLICANT REFERRED BY ONE-STOP? YES NO

34. TODAY'S DATE ____/____/____

35. COMMENTS

1. OFFICE NUMBER _____

**TELAMON CORPORATION
TRANSITION RESOURCES CORPORATION**

2.. PROGRAM
 ADULT 167
 YOUTH
 OTHER

APPLICATION FOR ENROLLMENT PART I

3. NAME OF APPLICANT _____ 4. SOCIAL SECURITY # _____

5. APPLICANT IS A : FARMWORKER, OR A
 DEPENDENT OF _____ SOCIAL SECURITY # _____

6. IF APPLICANT IS A DEPENDENT, IS THE FARMWORKER ENROLLED IN THE ADULT 167 PROGRAM? YES NO

7. FARMWORKER'S WORK HISTORY – MUST INCLUDE 12 CONSECUTIVE MONTHS (See Operations Manual for Instructions)

EMPLOYER INFORMATION	DATES		NUMBER OF DAYS		AMOUNT RECEIVED	
	FROM	TO	FARM	NON-FARM	FARM	NON-FARM
NAME: ADDRESS: ACTIVITY:						
NAME: ADDRESS: ACTIVITY:						
NAME: ADDRESS: ACTIVITY:						
NAME: ADDRESS: ACTIVITY:						
TOTALS						
TOTAL FARMWORKER INCOME						
TOTAL OTHER FAMILY INCOME						
TOTAL INCOME						
GUIDELINE AMOUNT						

8. Check if ATTACHMENT A is required

9. Total Number in the Family

10. CERTIFICATION: To be read to the applicant and/or translated into his/her primary language
 I authorize Telamon/Transition Resources to share information I have provided with other WIA One-Stop partners. I authorize access to any information concerning myself that is available from other WIA partners. This information is subject to review and verification, and I may have to provide documents to support it. I am aware that I may be denied services if and when I am found ineligible to receive services, and that I may be prosecuted if I have given false information. I allow release of this information for verification purposes. I understand this statement as it has been read or explained to me. I have received a copy of complaint procedures.

Applicant's Signature _____ DATE ____/____/____

- 11. Farmworker meets WIA Section 167 Eligibility requirements: YES NO
- 12. Farmworker may receive services pursuant to WIA Sections 188(a)(5) or 189(h): YES NO
- 13. If response to item 12 is NO, Applicant/Dependent may receive services pursuant to WIA Sections 188(a)(5) or 189(h): YES NO
- 14. Employee Signature _____ 15. Employee No. _____
- 16. Reviewer Signature _____

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EXHIBIT(S) C

(Exhib. + C + D excluded
due to personal
information)

TO: Richard Joanis

FROM: Rusty Shade

RE: Audit Report of 11-15-01

DATE 04-01-03

As per your request regarding the files that were audited from Indiana, I am writing to inform you of our actions following the audit result. As you know, the auditors took exception with our providing emergency services without copying I-9 documents for our records. In our defense, these applications were completed in the field making copying the documents impossible. However, in an effort to prevent that exception from occurring in the future, we purchased personal copiers to use in the field. As of today, the copiers are meeting our needs. I also reviewed the operations manual with staff at a monthly staff meeting so that there would be no misunderstanding about the required file documentation vs. self-attestation.