

**1199 SEIU/LEAGUE EMPLOYMENT TRAINING AND  
JOB SECURITY PROGRAM**

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September 20, 2002

Mr. Larry Ellis  
U.S. Department of Labor  
Office of Inspector General  
Office of Audit  
201 Varick Street, Room 871  
New York, NY 10014

Copies: Larry (OK)  
Boston  
ATT

10.11  
02-02-214-03-390

Re: H-1B Technical Skills Training  
Grant # AH-11092-01-60  
November 14, 2000 – September 30, 2001

Dear Mr. Ellis:

This is our response to the audit of the League/SEIU 1199 Training and Upgrading Fund (TUF) referenced above.

**Measurement and Reports**

At the time of the audit, the CNA and RN specialty programs did not have a sufficient number of participants enrolled because these programs had difficulty in recruitment. However, since the audit the number of enrolled participants in the CNA program has increased to 113 participants. The RN specialty programs have completed 47% of the requirements under the grant.

**Reported Outlays**

Accruals were reported on the FSR by taking the amount of the vendor's contracts and spreading it over the contract period period. This approach spread the cost evenly over the contract period . We recognize the over accrual that arose as a result of this approach. We have corrected this error, by making a year to date adjustment on the FSR for the period ending June 30, 2002.

**Payroll Allocation**

Staff payroll allocation is based on trend analysis that determined an allocation rate for the amount of time each staff devotes to each grant administered by us. The 1199/SEIU Training and Upgrading fund administers multiple grants. Most of our staff work on multiple grant projects in continuum. It is impossible to track each grant work on hourly basis. A practical approach is to analyze all their grant projects and determine the

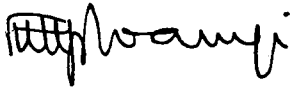
proportion of time needed on each of the projects within the grant periods. The rate becomes the basis of allocating their payroll. This rate is reviewed periodically and adjustments are made if warranted.

**Matching Requirement**

The amount of in-kind contributions reported on the FSR for the period audited was incorrect. However we have made a year to date adjustment on the FSR for the period ending June 30, 2002 to reflect the actual costs for the selected students.

It must be noted that the overstatement of expense accruals incorrectly reported on the FSR for the period ending June 30, 2001, has no financial impact. The reason being that we only drew down money for actual expenses. As a result expenses for which we were reimbursed were far less than the amount reported on the FSR. Therefore, the recommendation that the Assistant Secretary for Employment and Training recover questioned costs of \$359,462 is not applicable.

Yours truly,



Frank Kploanyi  
Chief Financial Officer