

Fred G. Acosta Job Corps Center



901 S. Campbell Avenue
Tucson, Arizona 85719

phone: 520.792.3015
fax: 520.628.1552

www.acostajobcorps.com

July 18, 2002

Mr. Michael T. Hill
Regional Inspector General for Audit
Office of Inspector General
The Wanamaker Building
100 Penn Square East, Suite 602-B
Philadelphia, PA 19107

RECEIVED
U.S. DEPT. OF LABOR
2002 JUL 29 AM 9:18
OFFICE OF THE
INSPECTOR GENERAL
PHILADELPHIA, PA.

RE: Auditors' Report
No. 03-02-005-03-370
Fred G. Acosta Job Corps Center

Dear Mr. Hill:

The following is our responses to the Auditor's Report on the Schedule of Job Corps Expenses:

- 1. Improve Controls Over Property and Equipment.**
Recommendation - We recommend that the contractor implement improved procedures over property and equipment located at the FAJCC. Procedures must require weekly update of the EPMS, as required by the regulations, as well as routine reviews to ensure that the IML is complete, accurate, and up to date.

Response: The Fred G. Acosta Job Corps Center has implemented the following procedures to improve Property Accountability:

- A new Property Accountant was hired on March 25, 2002. He has been instructed to insure that all property acquisitions, transfers and dispositions are accurately recorded and processed in a timely manner.
- The Electronic Property Management System (EPMS) is now fully operational. All transactions can be posted and we can now receive updated information.
- Quarterly inventories of all locations are being conducted on a regular basis. The Property Custodian and Property Accountant are verifying the property listed for their locations and signing the report.

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- All property items identified in the audit were located, properly tagged and recorded on EPMS
- Several reports of Excess Personal Property (SF 120) were processed and many property items were removed from our Center inventory. We are now processing more regular SF 120's to remove property in disrepair.

2. **Improve Accountability Over Inventories.**


Recommendation - We recommended that the contractor prepare perpetual inventory records for all categories of supplies as required by Job Corps policy. The ending inventory balances reflected in the perpetual records and the ETA 2110 must be adjusted for overages or shortages identified in the physical counts.

Response: The Fred G. Acosta Job Corps Center has implemented the following procedures to improve Inventory Accountability:

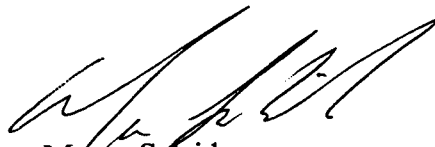
- A physical inventory count is being taken monthly and is observed by a member of the Accounting staff. Inventory balances are adjusted on the ETA 2110 to agree to the physical inventory. Any variances from expected usage are reviewed.
- Currently in the process of upgrading our perpetual inventory system and providing training for all staff responsible for inventory. Staff will be trained on maintaining a perpetual inventory system and reconciling perpetual inventory records to physical inventory counts. We expect the system and training to be completed by October 31, 2002.

If additional information is needed on the above responses, please let us know.

Sincerely,



Harold Craig
Center Director



Marco Salcido
Operations Manager